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**Tesis Doctoral**

# **'Capabilitizing' the Poverty Challenge: The Case of Mozambique**

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*“Ser pober nao we nada”* (“Being poor is nothing”)

Written on a boat of fishermen from *Inhambane*, Mozambique.  
Re-quoted from the Poverty Observatory G20, 2004



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## Abbreviations

Agenda 25	National Strategy of Committee of Counsellors
AR	<i>Assembleia da República</i> (Parliament of Mozambique)
BNA	Basic Needs Approach
BdM	<i>Banco de Moçambique</i> (Bank of Mozambique)
BoP	Balance of Payments
BWI	Bretton Woods Institutions
CA	Capability Approach
CC	<i>Conselho Consultivo</i> (Consultative Council)
CMI	Chr. Michelsen Institute
CPRC	Chronic Poverty Research Centre
CSMJ	Higher Judicial Magistrate's Council
DARA	Development Assistance Research Associates
DFID	UK Department for International Development
DNPO	<i>Direcção Nacional do Plano e Orçamento</i> (National Directorate of Planning and Budget)
EPA	European Partnership Agreements
FAO	UN Food and Agricultural Organisation
FDI	Foreign Direct Investment
FRELIMO	<i>Frente de Libertação de Moçambique</i> (Front for the Liberation of Mozambique)
G19	The group of budget-support donors (also known as Programme Aid)
G20	Group of 20 civil society organizations in Mozambique taking part in Poverty Observatory (PO)
GAPI	<i>Gabinete de Apoio a Pequena Industria</i> (Small Scale Industry Support Office)
GBS	General Budget Support
GDP	Gross Domestic Product
GoM/GdM	Government of Mozambique/ <i>Governo da República de Moçambique</i>
GPRG	Global Poverty Research Group
HDI	Human Development Index
HDCA	Human Development and Capability Association
HDCP-ICR	Human Development, Capability and Poverty International Research Centre – <i>Instituto Universitario di Studi Superiori Pavia, Italy</i>
HPI	Human Poverty Index
IAF	<i>Inquérito aos Agradados Familiares</i> (Family Consumption Survey)
IFIs	International Financial Institutions
IMF	International Monetary Fund
INE	<i>Instituto Nacional de Estatística</i> (National Statistics Institute)
IOF	<i>Inquérito ao Orçamento Familiar 2008/09</i> (Household Budget Survey 2008/09)
MDM	<i>Movimento Democrático de Moçambique</i> (Democratic Movement of Mozambique)
MDG	Millennium Development Goals
MPD	<i>Ministério da Planificação e Desenvolvimento</i> (Ministry of Planning and Development)
MPI	Multidimensional Poverty Index
MT/MZN	Metical, unit of Mozambique's currency

ODA	Official Development Assistance
OE	<i>Orçamento do Estado</i> (State Budget)
OECD/DAC	Organisation for Economic Co-operation and Development/ Development Assistance Committee
OPHI	Oxford Poverty & Human Development Initiative
PAPs	Programme Aid Partners
PARPA	Mozambique's accelerated Programme for the Reduction of Absolute Poverty (PRSP)
PES	<i>Balanço do Plano Económico e Social</i> (Economic and Social Plans)
PO	Poverty Observatory
PPA	Participatory Poverty Appraisal
PPG	Pro-Poor Growth
PPM	Pro-Poor Macroeconomics
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
QUIBB	<i>Questionário de Indicadores Básicos de Bem-Estar</i> (Core Welfare Indicators Questionnaire)
RAI	<i>Relatório de Avaliação do Impacto</i> (PARPA II Impact Evaluation Report)
RENAMO	<i>Resistência Nacional Moçambicana</i> (The Mozambican National Resistance)
SADC	Southern African Development Community
SME	Small and Medium Sized Enterprises
TAI	Technology Achievement Index
TIA	<i>Trabalho de Inquérito Agrícola</i> (Rural Income Survey)
UNDP	United Nations Development Programme
UDHR	Universal Declaration of Human Rights
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNRISD	United Nations Research Institute for Social Development
WDR	World Development Report

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## **RESUMEN DE LA TESIS DOCTORAL**

## **Objetivo de la investigación: La pobreza y la filosofía**

La pobreza se entiende intersubjetivamente como un fenómeno multidimensional. Es decir, la concepción de la pobreza no se debe limitar a incluir la privación de ingresos, sino que también debe tener en cuenta los extremos humanos (el placer, el conocimiento, la sabiduría, el trabajo, la salud, la participación y el respeto a sí mismo, entre otras cosas) que representan valores intrínsecos y que varían con la diversidad de individuos y culturas. Sin embargo, el concepto de pobreza y la noción de cómo evaluar la pobreza multidimensional varía en gran medida. De manera predominante la pobreza ha sido valorada desde una perspectiva basada en los recursos o utilidades, es decir, la pobreza se ha conceptualizado en términos del aumento de los ingresos, bienes y servicios (productos), o haciendo referencia a la expansión de los servicios públicos, como, por ejemplo, la felicidad, los deseos o los placeres.

Amartya Sen, por el contrario, prioriza las capacidades con su *Capability Approach* (CA). Desde su perspectiva, juzga la pobreza como la privación de capacidades básicas, esto es, la privación de un conjunto de libertades que impiden a una persona llevar la clase de vida que valora.. El enfoque de Sen, por lo tanto, destaca la expansión de la libertad como finalidad principal y como principal medio para la reducción de la pobreza. Si bien, al juzgar la pobreza, se reconoce la importancia de los ingresos y de los bienes de consumo como instrumentos necesarios para la ampliación de las libertades de las personas, lo percibe, al mismo tiempo, como una condición insuficiente en la cadena causal entre medios y resultados. La relevancia debería, más bien, ser concedida al análisis de cómo las personas son capaces de funcionar con las comodidades que tienen a su disposición en lugar de concentrarse solamente en los ingresos o bienes de consumo como bienes valiosos en sí mismos.



Además, esta visión de la pobreza también desafía el enfoque del bienestar, al señalar que una vida plena se compone de más cosas que de la mera búsqueda de la utilidad. Aquí se destacan, por ejemplo, los derechos o libertades positivas. En este sentido, se hace referencia también al problema de que la utilidad puede ser fácilmente influenciada por el condicionamiento mental o por la adaptación de expectativas.

Así, al concluir que ni la idea de la opulencia ni de la utilidad constituyen un enfoque satisfactoria para evaluar bienestar humano, Sen propone un acercamiento más directo que se centra en el funcionamiento humano (ser personas sanas, educadas, bien alimentadas, etc.), y en la capacidad para lograr un funcionamiento humano valioso (como la capacidad de ser personas sanas, educadas, bien alimentadas, etc.). Este sería entonces el marco de evaluación de la pobreza multidimensional (Alkire, 2002; Alkire y Deneulin, 2009b; Clark, 2006; Sen, 1999).

La ventaja de este enfoque es que se tiene en cuenta la heterogeneidad humana, la noción de la pobreza, como un concepto irreductiblemente plural / multidimensional, así como una imagen de los seres humanos como agentes activos del cambio social e individual, que, al mismo tiempo, pueden ser utilizados para reclamar políticas centradas en la concesión de libertades de las personas, en lugar de en una simple acumulación de crecimiento económico. Si bien esta noción es demasiado *paternalista* para algunos (para aquellos que temen un gobierno de redistribución), sin embargo, ha sido defendida por otros, como, por ejemplo, por la escuela del pensamiento liberal, como *paternalista*. Para estos últimos, sería esta una visión que valora la autonomía individual y la libertad.

El objetivo de esta tesis es doble: En la Parte I del estudio, el objetivo es verificar las dos siguientes hipótesis / proposiciones:

Si la pobreza se entiende intersubjetivamente como un fenómeno multidimensional, entonces el concepto de Amartya Sen de la pobreza, su enfoque de las capacidades, debería ser utilizado como marco de evaluación.

Si la pobreza se conceptualiza como la privación de capacidades, entonces el método de investigación mixto (cuantitativo y cualitativo) debería ser utilizado para determinar las capacidades y el peso de gran valor (posteriormente llamado Q-cuadrado).

Por lo tanto, el objetivo de la primera parte de la tesis es proporcionar una justificación filosófica a fondo de estas dos proposiciones. Esta primera parte, además, se convierte en la base para la segunda parte del estudio, la cual consiste en la aplicación coherente del enfoque de Sen al caso de Mozambique. La pobreza en Mozambique se evaluará dentro de la lógica de las capacidades. Es decir, la Parte II ofrecerá una traducción práctica de la normativa filosófica de Sen sobre la pobreza. A su debido tiempo, el marco de evaluación será utilizado de tres formas diferentes:

1. Para criticar la medida oficial unidimensional del consumo aplicada en el PARPA II, el documento estratégico de Reducción de Pobreza de Mozambique (PRSP);
2. Para evaluar si se han creado suficientes "oportunidades reales de libertad" para los mozambiqueños a través del diseño de políticas PARPA II, mediante el análisis de los principales indicadores socio-políticos y económicos del país;
3. Para volver a calcular la pobreza multidimensional cuantitativamente, utilizando un diseño de investigación de Q-cuadrado para la selección de las capacidades de valor para los mozambiqueños, a fin de lograr resultados que gocen de mayor autoridad que las aplicaciones de Sabina Alkire y James Foster basadas en el *Counting Approach* para Mozambique y hechas en base a publicaciones.

Dado que la pobreza se entiende como un fenómeno multidimensional, cualquier tesis que trate sobre ella tiene que ser multidisciplinaria y, mejor aun, interdisciplinaria en dos aspectos: el académico y (si es posible) en la mentalidad<sup>1</sup>.

Con el fin de alcanzar los objetivos de la tesis se ha elegido un diseño de estudio interdisciplinario, que cubrirá campos tan diversos como el campo académico de la filosofía<sup>2</sup>, economía<sup>3</sup>, geografía, la antropología, la paz y el desarrollo, y las humanidades entendidas como un concepto amplio. El verdadero reto, sin embargo, será el de superar estos temas, a veces, aparentemente opuestos, así como las mentalidades subyacentes que son características de esta escuela de pensamiento con la finalidad de encontrar el ajuste correcto para el análisis de la pobreza.

## **Metodología**

La primera parte de la Tesis será deductiva por naturaleza y utilizará una combinación de diversas metodologías para la definición de las dos hipótesis. Para comprobar la primera hipótesis, en primer lugar, utilizo el método de investigación diacrónico, para rastrear y analizar la definición y el concepto de la pobreza a través del tiempo y del espacio. En segundo lugar, voy a analizar los documentos filosóficos de Amartya Sen sobre el CA, tanto teóricamente como hermenéuticamente<sup>4</sup>. Este último enfoque es especialmente importante, ya que el estudio analizará los aspectos de la vida humana y la existencia como tal. Además, desplegaré un análisis comparativo con otra de las autoras principales en este tema de estudio, Martha Nussbaum. Para lograr que

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<sup>1</sup> Un enfoque multidisciplinario de la pobreza implica abordar el tema desde varios ángulos académicos, mientras que un enfoque interdisciplinario implica un cierto grado de fusión entre las relaciones existentes entre estos ángulos. Sin duda, es el segundo enfoque el que plantea algunos problemas graves para el estudio de la pobreza.

<sup>2</sup> En particular (normativo) la filosofía política, filosofía de la mente y la teoría del conocimiento.

<sup>3</sup> En la teoría macroeconómica, la economía del desarrollo, economía política y la econometría.

<sup>4</sup> La hermenéutica se entiende generalmente como una escuela de interpretación del pensamiento y en general se puede definir “como la comprensión *interpretativa* de los significados intersubjetivos” (Kanbur y Shaffer, 2006: 185 (cursiva para dar énfasis añadido por el autor)).

los resultados sean válidos, compararé las consultas primarias de textos con fuentes secundarias. Una interpretación introspectiva y teórica del CA se ofrecerá. Sin embargo, para no desvirtuar la declaración principal del marco teórico, el trabajo estará protegido por el análisis de las interpretaciones realizadas por expertos reconocidos en ese campo. Por ello, estoy agradecido a David Clark, editor del libro *Reseña del Diario de las Capacidades y el Desarrollo Humano* y reconocido experto en la entidad emisora, que revisó esta primera parte de la tesis y cuyos comentarios mejoraron sustancialmente la coherencia lógica de mi interpretación.

Para verificar mi segunda hipótesis, volveré a utilizar el enfoque hermenéutico, para elaborar consideraciones ontológicas, epistemológicas y las consideraciones prácticas sobre el método de investigación de Q-cuadrado, que está destinado a ser utilizado en la subsiguiente Parte II para la selección y ponderación de las capacidades para la nueva medición de la pobreza multidimensional.

En la segunda parte de la tesis usaré el CA de Sen para evaluar la pobreza en la post-guerra de Mozambique, mediante la aplicación de un análisis basado en indicadores acrece de la disposición de algunas oportunidades básicas de los mozambiqueños. Además, voy a aplicar el análisis crítico para examinar la utilidad de la medición oficial de la pobreza desde un punto de vista basado en la "capacidad". Se argumentará que es inadecuado si se quiere poner atención en las medidas de política necesarias para la erradicación de la pobreza definida como la ausencia de algunas capacidades básicas, y que se requiere su erradicación a través del *Counting Approach* de Alkire y Foster, o una medida multidimensional de similares. La nueva medición (cuantitativa) se guiará por los resultados de la investigación (cualitativa) reunidos a través de un cuestionario y entrevistas seleccionadas que han sido llevadas a cabo para el estudio con expertos de renombre en el caso del Mozambique. Estos hallazgos son

triangulados con estudios de casos ya existentes sobre la pobreza de Mozambique (tales como los resultados del Observatorio de la Pobreza (PO)), conjuntos existentes de datos cuantitativos (por ejemplo, de los indicadores básicos del Cuestionario de Bienestar (Cuestionario de Indicadores Básicos de Bem-Estar (QUIBB 2000/01), y el propio razonamiento sobre la percepción de este autor de los retos principales de la pobreza en Mozambique. Para ello, llevé a cabo diversos exámenes bibliográficos para familiarizarme con el caso de estudio intensivo, así como con la literatura sobre la pobreza en general (Vollmer, 2009, 2010a, 2010b)).

### **La motivación**

Este estudio tiene como objetivo ayudar a facilitar la transición del CA de Sen, desde una noción académica de gran atractivo, hacia un paradigma de desarrollo robusto de aplicación práctica en la política de la pobreza y el desarrollo. Desde 2011, el CA es relativamente desconocido fuera de una pequeña comunidad epistémica, y las aplicaciones prácticas del CA son pocas y aún menos conocidas.

Por ahora, sin embargo, quiero que el lector preste atención al hecho de que una simple búsqueda en Wikipedia puede arrojar resultados que son bastante limitados, con sus traducciones explicativas sólo en cuatro idiomas (Inglés, francés, alemán y tamil). Esta no es un hecho trivial, o no académica, sin ningún tipo de sustancia, sino que puede indicarnos que muchos no académicos se contentarán con la búsqueda en Wikipedia como una fuente de primera mano para su consulta. Seguramente, el CA, que es un marco relativamente joven, ha cubierto un terreno sólido en el aumento de la sensibilización, y en ofrecer una alternativa a los marcos de evaluación estándar dentro de la comunidad de académicos y profesionales de la pobreza. Sin embargo, corre el peligro de recaer y convertirse nuevamente en una idea meramente académica, sin

significado práctico, si es que las aplicaciones prácticas no son objeto de seguimiento, y son capaces de producir resultados auténticos. Por lo tanto, mi motivación es añadir una sólida aplicación del CA a la creciente literatura sobre la pobreza. Para entender esta motivación, resumiré brevemente mi experiencia personal y la información sobre este estudio.

## **Objetivos**

La tesis parte de un reconocimiento post-positivista de que, en las ciencias sociales, no sólo el concepto de neutralidad es rechazable, sino también de que el concepto de verdad es una ilusión. La verdad está en el ojo del espectador, y la investigación en ciencias sociales está condicionada en gran medida por los sesgos y las preferencias de todos los actores involucrados. Está formada por el investigador, el sujeto(s) de estudio, el objetivo del estudio, el momento del estudio, la financiación del estudio, los datos utilizados y el proceso de su recopilación, y finalmente el lector. Con el fin de hacer una fuerte declaración sobre la pobreza, en general, y en Mozambique, en particular, el interrogante principal no será en qué medida los resultados reflejan realmente la situación (a fondo), a pesar de que en la tesis se intenta, en gran medida, llegar a este ideal basándose en los resultados de la metodología de estudio de tipo participativo en Mozambique, y mediante la aplicación de un marco de evaluación de la pobreza que se considera superior a sus pares. Sin embargo, lo que podría ser aún más importante es el objetivo de producir resultados que sean tan válidos como sea posible. Este esfuerzo se verá reflejado en esta tesis cuando la discusión más amplia de la pobreza vaya acompañada de muchas exposiciones de motivos personales, ontológicas, epistemológicas y consideraciones prácticas en relación con la metodología de la investigación y los datos utilizados, y al explicar el diseño del estudio elegido teniendo

en cuenta la viabilidad de su realización para un solo investigador dentro de un margen financiero limitado. Guiando al lector a través de las ambiciones de investigación para aumentar la credibilidad de los resultados, para asegurarles un grado de autoridad en ausencia de una verdad por descubrir, y para proteger, en última instancia, los resultados del relativismo y las afirmaciones que, en gran medida, cuestionan el derecho de la existencia de investigaciones en ciencias sociales si no ofrecen verdades objetivas.

Además, este estudio es, en gran medida, impulsado por una buena dosis de duda. A partir de esta característica innata en mí como investigador, tiendo a mirar los pros y los contras de las diversas escuelas de pensamiento, y trato de reunirlos para el estudio de la pobreza multidimensional, con el fin de ver lo que podría funcionar. Muy a menudo los argumentos que parecen fuera de lugar (y son justificadamente redactados en un contexto), posiblemente funcionan para un estudio si estos son adaptados, reemplazados o reacentuados<sup>5/6</sup>. Si esto se logra, la duda puede conducir a la seguridad, y este estudio aseguró mi certeza en dos aspectos. En primer lugar, en el hecho de embarcarme en el CA como un concepto favorable de evaluación de la pobreza, en general, y de Mozambique, en particular. En segundo lugar, en el hecho de utilizar la metodología de investigación de Q-cuadrado para ver estas ideas puestas en práctica. Sin embargo ambos hechos se caracterizan a su vez, por una apreciación innata plural de varias escuelas de pensamiento, lo que podría explicar su atractivo para mí como persona. Después de todo, la certeza supera no obstante la duda, y por lo tanto la tesis termina teniendo un carácter muy deductivo en la Parte I, un diseño de estudio por lo general enmarcado en estudios cuantitativos positivistas.

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<sup>5</sup> En caso de que esto podría provocar el rechazo de los lectores que se adhieren estrictamente a una escuela particular de pensamiento me gustaría citar a Streeten, quien alguna vez sostuvo que "el único foro donde los estudios interdisciplinarios en profundidad pueden llevarse a cabo con éxito está dentro del cráneo" (1974: 26). Por lo tanto no estoy solo con este punto de vista que básicamente es vivido interdisciplinariamente.

<sup>6</sup> Esto no es diferente al propio Sen, quien encontró la justificación filosófica de su CA en escritos diversos como en los de Adam Smith y Karl Marx, dos pensadores usualmente colocados en polos opuestos en el discurso público.

A partir de estas características, este estudio no pretende presentar la verdad *objetiva neutral* sobre la pobreza, en general, y Mozambique, en particular. Mientras algunos juicios de valor son una necesidad en las aplicaciones adaptadas a cada país de el CA de Sen y Alkire y Foster *Counting Approach*, la tesis más bien intenta producir resultados y encontrar respuestas a las preguntas analíticas. . Esto se espera lograr a través de una precisa selección de un diseño de estudio, la variación de los métodos de investigación, y la triangulación de las fuentes y los resultados. Por lo tanto, a través de un diseño de investigación interdisciplinario coherente.

### **Los conclusiones, recomendaciones y resultados**

La tesis tiene por objeto evaluar la pobreza en Mozambique a raíz de una aplicación coherente del CA de Sen. Para justificar la elección de este marco de evaluación sobre sus pares, la tesis aplica el razonamiento teórico-filosófico y un análisis empírico, el cual encontró que los mozambiqueños perciben la pobreza como "la imposibilidad para tener el acceso a las condiciones básicas mínimas debido a la incapacidad y / o la falta de oportunidades (...), de acuerdo con las normas básicas de la sociedad" (GDM, 2006: 8).

En la conceptualización de la pobreza como la ausencia de algunas capacidades básicas, que es un conjunto mínimo de "oportunidades reales" que la gente necesita para vivir la vida que valora (Sen, 1987: 36), la principal conclusión de la tesis será que la tasa oficial de pobreza de Mozambique es de 54%. La estimación del porcentaje de la población que vive en la pobreza será utilizada como la principal cifra para dirigir la política legislativa y para juzgar los progresos realizados respecto al Objetivo de Desarrollo del Milenio 1. Este objetivo, que es un poco ambicioso, supone reducir sustancialmente el número de personas que viven en la pobreza.



La nueva medición (multidimensional) de la pobreza utilizando el *Counting Approach* de Alkire y Foster revela que, en realidad, el 98.1% de los mozambiqueños tienen que ser considerados como multidimensionalmente pobres. La tesis tratará de justificar la selección de las dimensiones de la pobreza, los indicadores, los puntos de corte individuales  $z$ , los coeficientes correctores, y el corte dimensional  $k$  que son utilizados en la medición en una forma coherente, siguiendo el razonamiento normativo de Sen y un diseño de investigación de Q-cuadrado en Mozambique, que también es discutido teóricamente para remarcar sus ventajas epistemológicas sobre los enfoques de investigación unidireccionales. Además, sobre la base de una crítica a fondo a la medición oficial que se haya hecho evidente porque una nueva estimación de la pobreza está justificada, y cómo esta medición se inscribe en un debate macroeconómico más general en Mozambique.

Mediante la aplicación de un enfoque basado en indicadores para analizar "las verdaderas privaciones de oportunidades" para los mozambiqueños, que evidenciara que estos son privados en gran medida de las capacidades necesarias en cuatro dimensiones de valor claves (en los ámbitos económico, político, social y humano), se persigue evidenciar que el PRSP del país, PARPA II, no es una base adecuada para lograr la expansión de la capacidad necesaria para el crecimiento económico en favor de los pobres (PPG) por su actual alineación neoliberal y monetarista. Por lo tanto, se aboga por modificar el documento para adoptar una medida multidimensional de la pobreza (para que mi trabajo basado en información secundaria y con carácter, experimental pueda ser considerada como "alimento para el pensamiento" y provocar el necesario debate), y por la adopción de estrategias dirigidas basadas en el apoyo dentro de un marco macroeconómico neo-keynesiano a favor de los pobres (PPM).

Sin embargo, debido a las complicaciones ligadas a la investigación de "las libertades por lograr" (que se remarcará a lo largo de la tesis), se ha seguido a este autor con el fin de seguir un enfoque de investigación de varios niveles, que abarca una discusión filosófica de la fuerza normativa del CA de Sen, una crítica teórica de la medición oficial de pobreza en Mozambique, un análisis basado en indicadores de las disposiciones de reales oportunidades para los mozambiqueños, un ejercicio cuantitativo nuevamente basado en Q-cuadrado de la pobreza multidimensional en Mozambique, sobre un diseño de investigación monotónistico que investiga una pregunta de investigación estrechamente.

Por lo tanto, pretender presentar "resultados" para esta tesis podría ser erróneo, ya que no ha sido un trabajo puramente empírico que incluya recopilación de datos sobre el terreno analizando datos primarios de una manera neutral y objetiva (véase para el caso también la discusión en los "objetivos" de esta tesis). Por el contrario, la tesis opera con datos secundarios disponibles de fuentes públicas, combinados con una pequeña muestra de recopilación de datos primarios, para investigar diversas preguntas de estudio, que implican de manera explícita la aplicación de múltiples juicios de valor.

Esto fue considerado lógicamente coherente contra el problema de investigar un fenómeno tan elusivo como la pobreza como falta de libertad. La noción filosófica de la pobreza adoptada en esta tesis, cuya complicación para el análisis ha sido tan perfectamente sintetizado por el filósofo alemán Karl Jaspers, para quien "la libertad no es ni demostrable ni refutable" (citado en Weischedel, 2008: 268). Dicho esto, sin embargo, los hallazgos y resultados, así como la recomendación en la que se basa el análisis, son considerados como justificados en la envergadura y el requerimiento, ya que se ajustan a estas limitaciones metodológicas. Es decir, los resultados y las

recomendaciones son razonablemente derivados de los alcances y limitaciones del diseño del estudio escogido.

La adopción de este diseño de investigación de varios niveles tiene como resultado la publicación de varios artículos y reseñas de libros producidos durante el tiempo de la investigación en publicaciones con peer-reviewed *African Studies Quarterly* (Vollmer, 2009), *African Affairs* (Vollmer, 2010a), el *Journal of Human Development and Capabilities* (Vollmer, 2010b), *Global Affairs* (Vollmer, 2010c), the *In-Spire Journal of Law, Politics and Society* (Vollmer, 2011a) y *The Diplomatic Insight* (Vollmer, 2011b). Otras publicaciones están previstas para el *African Studies Review* y el *Journal of Development Studies*.

## **GENERAL INTRODUCTION**

## **Research Rationale: Poverty and Philosophy**

Poverty is inter-subjectively understood as a multidimensional phenomenon, that is, poverty does not merely comprise deprivation of income, but also takes into account human ends (enjoyment, knowledge and wisdom, work, health, participation, self-respect, *inter alia*) that have intrinsic values and vary with the diversity of individuals and cultures. Yet, the concept of poverty, the notion of how to evaluate multidimensional poverty, varies to a great extent. Most predominantly, poverty has been valued from a resource-based or utility perspective, that is, poverty is conceptualised either in terms of the expansion of income and goods and services (commodities), or the expansion of utilities, such as happiness, desires or pleasures.

Amartya Sen's Capability Approach (CA) on the other hand judges poverty as the deprivation of basic capabilities, a set of substantive freedoms a person is deprived of to lead the kind of life s/he values and has reason to value. The framework thus emphasizes the expansion of freedom as both, the primary end and the principal means of poverty reduction. While in judging poverty it recognises the importance of income and commodities as necessary *instruments* in expanding people's freedoms, it perceives it nevertheless an insufficient condition in the causal chain between means and outcomes. Relevance should rather be granted on the analysis of how well people are able to function with the commodities at their disposal, their capacity to convert these into achievements of value, rather than to concentrate on income or commodities as goods of *intrinsic* value in themselves.

Additionally, the approach also challenges the welfare or utility approach to poverty evaluations, in pointing out that a full life consists of more than the mere pursuit of utility, such as rights or positive freedoms, and in alluring to the problem that utility can be easily swayed by mental conditioning or adaptive expectations.

Thus, by concluding that neither the notion of opulence nor utility is adequately representing what constitutes human well-being, Sen is proposing a more direct approach that focuses on human functionings (such as being healthy, educated, well nourished, etc.), and the capability to achieve valuable functionings (such as the capability of being healthy, educated, well nourished, etc.) as the evaluative framework of multidimensional poverty (Alkire, 2002; Alkire and Deneulin, 2009b; Clark, 2006; Sen, 1999).

The advantage of this approach is that it takes account of human heterogeneity, of poverty as an irreducibly plural/ multidimensional concept, of humans as active agents of social and individual change, and that it can be used to demand policy sets which are focused on granting people freedoms, as opposed to accumulating mere economic growth. While this notion is too paternalistic for some (for those who fear a redistributive government), it has been defended by others as paternalistic to a justifiable degree within the liberal school of thought; that is, it values individual autonomy and freedom, set free by equalised capabilities at people's disposals.

The objective of this Thesis is twofold: In Part I of the study it is aimed to verify the following two hypothesis/propositions:

If poverty is inter-subjectively understood as a multidimensional phenomenon, then Amartya Sen's concept of poverty, the Capability Approach, ought to be used as the evaluative framework.

If poverty is conceptualised as the deprivation of capabilities, then the mixed research method (quantitative and qualitative) ought to be used to determine and weight valuable capabilities (subsequently labelled Q-squared).

Hence, the *research rationale* of the first part of the thesis is to provide a thorough philosophical justification and base for the then second part of the study, the coherent application of Sen's CA onto the case study of Mozambique. Poverty in Mozambique will be evaluated within the capabilities logic; that is, Part II will offer a

practical translation of Sen's normative philosophising on poverty. In due course, the evaluative framework will be used in three different forms:

1. to critique the official unidimensional consumption based measure applied in PARPA II, Mozambique's Poverty Reduction Strategy Paper (PRSP);
2. to assess whether sufficient "real opportunity freedoms" have been created for Mozambicans through PARPA II's policy design, by analysing key socio-political and economic indicators publicly available for the country;
3. to re-estimate multidimensional poverty quantitatively, by utilising an Q-squared research design for the selection of capabilities of value for Mozambicans, in order to achieve findings that enjoy great authoritativeness for the then tailored "paper-based" application of Sabina Alkire's and James Foster's "Counting Approach" for the country case Mozambique.

As poverty is understood as a multidimensional phenomenon, any dissertation dealing with poverty has to be multidisciplinary and, at best, interdisciplinary in two aspects: academically *and* (if possible) in mindset<sup>7</sup>. In order to achieve the objectives of the thesis I chose an *interdisciplinary study design*, one that will span such diverse academic fields such as philosophy<sup>8</sup>, economy<sup>9</sup>, geography, anthropology, peace and development studies, and the humanities greatly defined. The true challenge however will be to bridge these at times seemingly opposing subjects, as well as the underlying mindsets that are characteristic of these school of thoughts, in order to make the "shoe fit" for the analysis of poverty.

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<sup>7</sup> A multidisciplinary approach to poverty involves approaching the subject from various academic angles, whereas an interdisciplinary approach entails some degree of fusion and melding of relations between these angles. It is certainly the latter approach which poses some severe challenges for the study of poverty.

<sup>8</sup> In particular (normative) political philosophy, philosophy of mind and theory of knowledge.

<sup>9</sup> In particular macroeconomic theory, development economics, political economy and econometrics.

## Methodology

The first part of the Thesis will be deductive in nature and will use a combination of various methodologies to elaborate on my two hypotheses. To verify my first, I will firstly use the diachronic research method, to trace and analyse the definition and concept of poverty over time and space. Secondly, I will analyse Amartya Sen's philosophical writings on the CA theoretically and hermeneutically<sup>10</sup>, the latter approach especially important since the study will discuss aspects of the human life and existence as such; additionally I will deploy a comparative analysis with the other main author on the subject, Martha Nussbaum. To make the findings authoritative I will triangulate primary text consultations with secondary sources. An introspective, theoretical interpretation of the CA is thus offered; however, as of not misrepresenting the framework's main statement, the work is greatly safeguarded by the analysis of interpretations conducted by acknowledged experts on that field. To that end I am grateful to David Clark, Book Review Editor of the Journal of Capabilities and Human Development and acknowledged expert on the CA, who revised this Part I of the dissertation and whose feedback substantially enhanced the logical coherence of my interpretation.

To verify my second hypothesis, I will again use the hermeneutic approach, to elaborate on ontological, epistemological, and practical considerations regarding the intended Q-squared research method, which is aimed to be used in the subsequent Part II for the selection and weighting of capabilities for the re-measurement of multidimensional poverty.

In the second part of the thesis I will use Sen's CA to evaluate poverty in post-war Mozambique, by applying an *indicator-based analysis* of the provision of some

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<sup>10</sup> Hermeneutics is generally understood an *interpretive* school of thought and can be generally defined "as the *interpretative* understanding of intersubjective meanings" (Kanbur and Shaffer, 2006: 185 (Italics added for emphasis by author)).



basic opportunities for Mozambicans. Additionally, I will apply *critical analysis* to scrutinise the usefulness of the current official poverty measurement from a “capabilities” point of view. It will be argued that it is indeed unsuitable to put attention on necessary policy action for the eradication of poverty defined as the absence of some basic capabilities, and it calls for its removal with Alkire and Foster’s “Counting Approach”, or a similar multidimensional measure. The (quantitative) re-measurement will be guided by (qualitative) research findings gathered through a questionnaire and selected interviews that I have conducted for the study with renowned experts on the country case. These findings are triangulated with already existing case studies on poverty for Mozambique (such as findings of the Poverty Observatory (PO)), already existing quantitative datasets (such as from the Core Welfare Indicators Questionnaire (*Questionário de Indicadores Básicos de Bem-Estar* (QUIBB) 2000/01), and own reasoning concerning this author’s perception of Mozambique’s main poverty challenges. To that end I conducted various book reviews to familiarise myself with the case study intensively, as well as with the literature on poverty in general (Vollmer, 2009; 2010a; 2010b)).

## **Motivation**

This study aims to help facilitating turning Sen’s CA from an academic notion of great appeal into a robust development paradigm of practicality in poverty and development policy. As of 2011, the CA is relatively unknown outside a small epistemic community, and practical applications of the CA are even fewer found. This statement will be filled with academic rigour throughout this study; as for now however, I want to allude the reader’s attention to the observation that upon a simple Wikipedia search for the CA, results are fairly limited, with explanatory translations only into four

languages (English, French, German and Tamil). This is not a trivial or non-academic detection without any substance whatsoever; it can be securely argued that many non-academics will indeed consult Wikipedia as a first-hand source for consultation. Surely, as will be worked out, the CA, as a relatively young framework, has covered some solid ground in rising awareness and in offering an alternative to standard evaluative frameworks within the wider community of poverty academics and practitioners; however, it remains on the brink of reversing back into a *mere* academic idea without grip if practical applications aren't followed-up, able to produce authoritative findings. Hence, my motivation is to add a solid CA application to the growing literature on poverty. In order to understand this motivation I will briefly outline my personal background and information about this study.

### **Personal background**

In a due post-structuralist acknowledgement that in complex knowledge formations and transmissions the signifier and the signified are inseparable whilst not being unified as an entity, that is that the meaning of the text is constructed by the reader from the signifier, it might help to briefly illuminate this author's personal background, in order to facilitate an *inter-subjective* understanding of my text, an endeavour I honestly would hope to achieve (which, nevertheless, remains of course greatly out of the author's control).

This thesis is conducted in partial satisfaction of the requirements for the degree of International Doctor in Peace, Conflict and Development Studies at the UNESCO Chair of Philosophy for Peace, Universitat Jaume I, Castellon de la Plana, Spain. The programme embarks upon a notion to perceive peace not as a singular, homogenous reality, but rather as "many peaces" developed and constructed according to the

diversity of worldviews and the heterogeneity of perceptions (Dietrich, 2006). It recognises the human potential, competence and capability for peace (Guzman, 2002), which ought to be actively stimulated in everyday life by researchers, practitioners, and the like. As an approach it is thus very much influenced by the interpretive and constructivist school of thought of post-modernity, but also by Kant and the communicative ethics of Austin, Apel and Habermas. This positive thinking and active attitude had certainly a subconscious impact on my decision to conduct a thesis on individual *well-being*, as opposed to ill-being, to be outlined in further clarity in subsequence.

However, my background also comprises studies in development and humanitarian branches broader defined (I hold a MA in Peace and Development Studies, University of Limerick, Ireland); this include studies on climate change, international humanitarian law, political analysis, IR theory, *inter alia*. Additionally, I held positions in international organisations in role of research and evaluation, policy and advocacy, fundraising and administration. This is based above a BSc degree in Geography from the Ruhr University Bochum, Germany.

I thus have enjoyed education in both academic worlds, the social studies and natural sciences, in countries with very distinct histories, all characterised by varying ideologies and worldviews. Additionally, I have work experience in aiming to make philosophy work, that is, in attempting to bridge abstract reasoning with specific practical objectives. It might be as of this reason that this thesis is a *contemporary* work on poverty, interested in *bridging* theory with praxis, rather than a historical or purely philosophical examination with a lesser outreach to praxis.

As of this background it might also be that I do not find the notion of “everything is subjective” too appealing, probably mostly as of my interest in natural

sciences, in which objectivity, neutrality and truth are lesser disputed terms. Yet, I neither find the notion of one objective/ invariant reality in our social world too appealing as well, which can be measured and approached like it is so often observable within the positivist tradition of neoclassical economics, and other comparable epistemic communities unified by the rejection of metaphysics. In turn, I rather find the idea appealing to transcend the ontology of logical positivism and post-positivism, which will be reflected in my appreciation for the Q-squared research process, and, as shall be seen, the postulate of an inter-subjective/ positional objective ontology.

As of my post-positivist appreciation I am in no position to label myself and this thesis *neutral*; rather to the contrary, it has a clear motivation and objective. Nevertheless, I conduct this study unfunded, which makes me at least externally independent, and accept of my own conscious and subconscious biases and preferences, autonomous in my decision to embark upon the verification of my two hypotheses and the evaluation of poverty in Mozambique following the Capabilities logic. Working without substantial funding has in turn its pitfalls of course for my ambition to produce up to date and authoritative findings, to be discussed in the objectives of this work.

### **Personal preference formation and Amartya Sen's CA: meeting in the "grey zone"**

The outlined preference formation might help to understand my appreciation for Sen's framework, which is greatly operating in a similar zone of transcendence as described above. It is "objective", whilst being "subjective"; it is concrete/ invariant, whilst being vague/ flexible; it is universalistic, whilst being individualistic; it is liberal, whilst being people-concerned; it is precise, whilst being deliberately incomplete; it is a framework, though not a closed theory or dogma; it demands equality, though only in limited spaces; it acknowledges the importance of external evaluative criteria, though is

operating ethically with internal views. It has answers to questions considered relevant in life, though often remains speechless in light of the ambiguities humans (have to) encounter. Because of this “grey zone”, this thesis will be full of “conjunctions”, such as *however, yet, at the same time, nevertheless, while, among others*. While this may seem annoying at times, it is *nevertheless* a necessity to firstly explore the richness of the CA, and secondly to meet what I consider being the contemporary *zeitgeist*.

Yet, this contemporary *zeitgeist*, to be further explored in the main body of the text, creates another challenge for this thesis, which is that its analytical focus ought to be on *well-being*, as opposed to *ill-being*, the two sides of any problem analysis, especially in poverty research. Ill-being analyses probably outweigh in sum well-being research in the social studies and evaluations, which are, in a sense, easier to conduct, as it deals with what went wrong historically (easily speaking). Well-being analysis on the other side ought to provide answers to situations found no matter how created, thus ought to give recommendations for developments in the immediate and proximate future. In great appreciation for the studies on ill-being and their findings, the last 10 or so years have seen too many new streams in academia and praxis which I consider to be positive<sup>11</sup>, as to shun these from any contemporary study on poverty. This includes the rather new notion of *development as freedom*, but also the wider acceptance of perceiving the destitute as active agents of change, the growing acknowledgement of the influence of positive psychology, and newest research findings on the human nature, which actually paints a hopeful picture. Thus, works which aim to live up to self-set standards of being contemporary with a bridge to praxis have to take advantage of these developments.

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<sup>11</sup> not to be confused with the term “positivism”

The CA itself, as will be worked out, lives up to this standard indeed. It is a space in which various social science research outputs are brought together, ordered and tangled. This makes it challenging however. Reading the thesis selectively by chapters might be best avoided, better it is to think of it as a full circle. References to later chapters are constantly made, which might be irritating to a certain extent for the reader unfamiliar with the concept. However, considering the high amount of new terminologies to define, such as capabilities, functionings, agency, freedoms of intrinsic and instrumental kind, Q-squared research, and the different notions of varying authors not only on the CA itself but also on philosophical debates on ontology and epistemology, as well as on the country case Mozambique, it cannot be but avoided analytically to make statements at early stages of the writing which will find full discussions only at later stages of the thesis. This is not different though to other works on the CA, including Sen's 1999 *Development as Freedom*. Whoever tried to read this work selectively, without going back and forth, will understand the necessity for this preliminary statement.

After having explained my reasons for my preference formation and motivation to facilitate the transformation of the CA into a robust development paradigm of practicality, I would like to illuminate on the *how*, the specific objectives for the study.

## **Objectives**

The thesis departs from a post-positivist acknowledgement that in *social* sciences not only the concept of neutrality is rejectable, but also that the concept of *truth* is illusive. Truth is in the eye of the beholder, and research in social sciences is conditioned to a great extent of the biases and preferences of all actors involved. This comprises the researcher him/ herself, the subject(s) of study, the objective of the study,

the timing of the study, the financing of the study, the data used and the process of its collection, and finally the reader. By aiming to make a strong statement regarding poverty in general and in Mozambique in particular, the primary question will *not* be to what extent the results actually reflect the *true* situation (on the ground), even though the thesis greatly attempts to reach this ideal by basing the methodology on study results of participatory kind for Mozambique, and by applying an evaluative framework for poverty which is regarded superior to its peers; however, what might be even more important is the objective to produce findings which are as *authoritative* as possible. This endeavour will be reflected in this thesis when the broader poverty discussion is accompanied by many explanatory statements about my own person, ontological, epistemological and practical considerations regarding the research methodology and data used, and by explaining the chosen study design in light of its *feasibility* of realisation for a single researcher within a limited financial margin. Guiding the reader through the research ambitions to enhance the credibility of the actual findings, to ensure its authoritativeness in absence of one truth to discover, and to ultimately protect the findings from relativism and claims that heavily questions the right of existence of social science research if an objective truth isn't to be revealed.

Further, this study is greatly fuelled by a healthy dose of *doubt*. As of this innate characteristic of me as a researcher, I tend to look at pros and cons of various schools of thought, and try to bring it together for the study of multidimensional poverty and see what might work. More often than not arguments which seem misplaced (and which are for its misplaced position justifiably rejected) possibly work for a study if tailored, replaced or re-emphasised<sup>12/13</sup>. If this is achieved, doubt can lead to certainty, and this

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<sup>12</sup> In case that this might spark rejections by readers who adhere stringently to one particular school of thought I'd like to quote Streeten, who once argued that "the only forum where interdisciplinary studies in depth can be conducted successfully is under one skull" (1974: 26). I am thus not alone with this viewpoint which basically is a *lived* inter-disciplinary one.

study assured my certainty in two aspects, which is firstly to embark upon the CA as a favourable evaluative concept of poverty in general and for Mozambique in particular, and secondly to use the Q-squared research methodology to see it implemented; both however are characterised in turn as well by an innate plural appreciation of various schools of thought themselves, which might explain their attractiveness to me as a person. After all, certainty overarches doubt nevertheless and thus the thesis ended up of being greatly deductive in Part I, a study design usually found in quantitative, positivist studies.

As of these characteristics, this study does not aim to present the *neutral objective truth* about poverty in general and Mozambique in particular. As value-judgments are a necessity in the country-tailored applications of Sen's CA and Alkire and Foster's "Counting Approach", the dissertation rather attempts to produce authoritative findings for those analytical questions and ambitious outputs named in the *research rationale*, which hold though the test of scrutiny by those living in poverty in Mozambique. This is hoped to be achieved through a thoughtful selection of a study design, the variation of research methods, and the triangulation of sources and findings, thus through a coherent interdisciplinary research design.

### **Findings, Advocacy and Outputs**

The thesis sets out to evaluate poverty in Mozambique by following a coherent application of Sen's CA. To justify the choice of this evaluative framework over its peers the dissertation applies theoretical-philosophical reasoning and an empirical analysis, which found that Mozambicans themselves perceive poverty of being "the

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<sup>13</sup> This is not different to Sen himself, who found philosophical justification for his CA in such diverse writings as in these of Adam Smith and Karl Marx, two thinkers usually placed at polar opposites in the public discourse.



impossibility, owing to inability and/or lack of opportunity (...) to have access to the minimum basic conditions, according to the society's basic standards" (GdM, 2006: 8).

In conceptualising poverty as the absence of some *basic capabilities*, which is a minimum set of "real opportunities" people need to live the life they value (Sen, 1987: 36), the main finding of the thesis will be that the official Mozambican poverty headcount ratio of 54%, the estimation of the percentage of the population living in poverty used as the headline figure to direct legislative policy and to judge progress made on achieving the self-set goal and MDG Goal 1 to substantially reduce the number of people living in poverty, is one that is set to low.

The re-measurement of (multidimensional) poverty using Alkire and Foster's "Counting Approach" will reveal that actually 98.1% of Mozambicans have to be considered of being *multidimensionally poor*. The thesis will aim to justify the *selection* of poverty dimensions, indicators, their individual cutoffs  $z$ , the weightings, and dimensional cutoff  $k$  that are used in the measure in a coherent matter, by following Sen's normative reasoning and a Q-squared research design for Mozambique, which is also theoretically discussed to highlight its epistemological advantages over unidirectional research approaches. In addition, based on a thorough critique of the official measure it shall become apparent *why* a re-estimation of poverty is warranted, and how this measure fits into a grander macroeconomic discussion for Mozambique.

By applying an indicator-based approach to analyse "real opportunity deprivations" for Mozambicans, which will find that Mozambicans are heavily capabilities deprived in four key dimensions of value (in the economic, political, social and human domains), it shall become apparent that the country's PRSP, PARPA II, is in its current market-driven neoliberal and monetarist alignment not a suitable base to achieve the necessary capability expansion for pro-poor economic growth (PPG).

Hence, it is advocated for to alter the document towards the adoption of a multidimensional poverty measure (for which my experimental, indicative “paper-based application” might be considered suitable as “food for thought” to spark this overdue discussion), and towards the adoption of support-led strategies within a neo-Keynesian Pro-poor Macroeconomic (PPM) framework.

Yet, due to the complications attached of researching “freedoms to achieve” (which will be outlined at lengths in the thesis), it has been the choice of this author to follow a multi-tiered research approach, spanning a philosophical discussion of the normative strength of Sen’s CA, over a theoretical critique of the official poverty measure in Mozambique, an indicator-based analysis of real opportunity provisions for Mozambicans, to a Q-squared based quantitative re-measurement exercise of multidimensional poverty in Mozambique, over a monotonistic research design which narrowly investigates one research question.

Hence, claiming to present “findings” for this thesis might be misleading, in that it has not been a pure empirical work with an extensive field component collecting and analysing primary data in a neutral and objective fashion (please see for that matter also the discussion in the “Objectives” of this dissertation). To the contrary, the thesis operates with secondary data readily available from public sources, combined with a small sample of primary data collection, to investigate various research questions that explicitly involve the application of multiple value-judgments.

This was considered logically coherent against the problem to investigate such an elusive phenomenon as *poverty as unfreedom*, the adopted philosophical notion of poverty in this thesis, whose complication for analysis has been so perfectly power-phrased by the German philosopher Karl Jaspers, for whom “freedom is neither provable nor refutable” (quoted in Weischedel, 2008: 268). This being said though, the

findings and outputs, as well as the advocacy that is built upon the analysis, are thought of being justifiable in scope and demand, in that they are adjusted to these methodological constraints; in other words, findings and advocacy are reasonably derived from the scope and limitations of the chosen study design.

The adoption of this multi-tiered research design resulted in the publication of various papers and book reviews produced in due course of the research in the refereed *African Studies Quarterly* (Vollmer, 2009), *African Affairs* (Vollmer, 2010a), the *Journal of Human Development and Capabilities* (Vollmer, 2010b), *Global Affairs* (Vollmer, 2010c), the *In-Spire Journal of Law, Politics and Society* (Vollmer, 2011a) and *The Diplomatic Insight* (Vollmer, 2011b). Further papers are planned for submission to the *African Studies Review* and the *Journal of Development Studies*.

### **State of the Arts/ Literature Review**

As stated in my motivation, the CA covered some solid ground concerning its relatively young age as an academic alternative to long-term applied frameworks for poverty evaluations. The CA has managed to become the backbone for the now well-established UNDP Human Development Reports, and has found applications in a wide array of academic disciplines, including the fields of social choice theory, mainstream welfare economics, heterodox economics, normative economics, liberal egalitarianism, moral philosophy, development ethics, development economics, social and political theory, education, gender studies, theology, among others (Robeyns, 2003a: 1). It bundled its forces in the Human Development and Capability Association (HDCA), founded in 2004, and ever since is growing both in number (327 registered members in over 70 countries) and influence. As of this wide array of applications however, a

thorough literature and state of the arts review on the CA has to be conducted within the main body of the text.

### **Structure of the Thesis**

After a Spanish summary and the General Introduction, the thesis will be structured in two parts and in sum 12 chapters, as well as a General Conclusion. The seven chapters of Part I are used to verify the two hypotheses. Chapter one will outline the problem. It will be argued that in the linear interlinkage between an understanding of poverty and its alleviation, the capability concept is in a favourable position to produce responses adequate for the multidimensional demand the research on ill-being has produced. To prove this theorem, chapter two sets out to *explain* poverty diachronically, that is over time and space. Poverty and its meaning is traced from the 1960 to today, in which poverty is commonly (inter-subjectively), understood as a multidimensional phenomenon. Any analysis of poverty that does not take (or attempts to take) full account of all dimensions of a person's ill-being (income *and* human dimensions), as will be argued, is misplaced to explain and alleviate poverty as in the contemporary *zeitgeist*. This diachronic discussion will greatly outline how poverty understandings and conceptualisations were and remain mutually reinforcing, though should, as will be stressed, be perceived as different, in order to have a better understanding which evaluative frameworks are contemporary adequate, and which are rather less.

In Chapter 3 and 4, it will be argued that from the various possibilities with which one can conceptualise multidimensional poverty, it is precisely the CA that is in a favourable position to recommend policies which can be labelled truly *pro-poor*. This is

done in two ways: In chapter 3, the CA will be introduced, whereas chapter 4 will discuss the CA.

To verify then the second hypothesis, chapter 5 will outline the reasons and practicalities for a Q-squared research design to be used in the determination and weighting of capabilities of value. As shall be seen, the selection of capabilities is utterly crucial in order for the framework to use its full liberal potential in regard to freedom, individual autonomy and choice.

In chapter 6 the discussion returns to the CA as a framework, in which criticism on it and operationalization examples of it will be presented and discussed. In chapter 7 I will conclude on the findings and will give an outlook on the particularities of my planned evaluative application of Sen's CA of multidimensional poverty in Mozambique (Part II). The intention will be to outline the feasibility of the study design for a single researcher within a limited financial margin<sup>14</sup>.

In the second Part of the thesis poverty in Mozambique is 'capabilitized'. In the first chapter the country case study will be briefly presented within its socio-environmental and historical context. In chapter two the official poverty measure applied in PARPA II will be critically scrutinised, by highlighting the apparent discrepancy between the measures' focus (which is on *consumption*) and the applied poverty definition in the document (poverty as a multidimensional lack of possibilities).

Chapter three will apply the indicator-based analysis of the presence or absence of real opportunity freedoms, which will span in sum four dimensions of value to Mozambicans as captured by the PO, namely in the economic, political, social and human spheres. Economic poverty will be particularly scrutinised in regards to the

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<sup>14</sup> As of the importance of presenting and discussing the CA, and the necessity to clarify the process of capability selection, chapter 3, 4 and 5 are longer than 1, 2, 6 and 7 (of Part I). This was considered unavoidable however, in order to cover the ground this thesis considered necessary for presenting a holistic examination.

question of whether PARPA II's macroeconomic orientation is in line with what the UNU WIDER Institute, *the* authoritative worldwide Institute on development economics, has labelled Pro-poor Macroeconomics (PPM) for pro-poor economic growth (PPG). The analysis will accumulate in the advocacy to herald a macroeconomic shift in PARPA III towards the adoption of support-led strategies under neo-Keynesian economics (which has a particular focus on the country's productive sectors), to increase necessary opportunities for Mozambicans, one that demands for good governmental work (Sen's first instrumental freedom) as its base.

In order to facilitate the advocated shift with a measure that attempts to set policy incentives for the expansion of opportunities of value for Mozambicans in relation to those dimensions highlighted in the PO (and as identified in due course of my qualitative research on the country in the domains "good governance", "employment & livelihoods", "education" and "health"), chapter four and five will present my re-estimation of poverty following the "Counting Approach" of Alkire and Foster, the same methodology used in the 2010 Multidimensional Poverty Index, but tailored to the country case of Mozambique. In detail, chapter four will outline the selection process of dimensions, indicators and weightings, whereas chapter five will present the measures' notation and subsequent results.

The thesis will close with a general conclusion, in which it is argued that the CA allows for a coherent and *balanced* evaluation of living realities in Mozambique, one that provides existing empirical work "a sort of theoretical umbrella" (Robeyns, 2002a). The thesis ends with a brief outline of the author's future research plans.

## Sources

The sources I consulted with in the first part of the thesis are mainly primary outputs of the main authors on the CA and Q-squared research, namely Amartya Sen, Martha Nussbaum, David Hulme, Tony Addison, Ravi Kanbur and Robert Chambers. As of the magnitude of the writings these scholars have produced I consulted with many secondary interpretations of the framework and Q-squared, most importantly offered by Sabina Alkire, Ingrid Robeyns, David Clark, Andrew Sumner and others.

Part II of the thesis relied on the works of Joseph Hanlon and Teresa Smart, Inge Tvedten and his colleagues from the Chr. Michelsen Institute in Norway, whose work has been indispensable as secondary literature on the country case of Mozambique. The work of Giovanni Andrea Cornia, former Director of UNU-WIDER, on PPM for PPG, as well as publicly accessible secondary sources from the CIA World Factbook, *NationMaster.com* and the statistical department of the OECD (OECD.Stat), were used to conduct the indicator-based analysis to evaluate poverty as capabilities deprivation. The main sources utilised for the re-estimation of poverty were the various technical explications of the “Counting Approach” by Sabina Alkire and James Foster, the “Multidimensional Poverty Index 2010” by Sabina Alkire and Maria Emma Santos, and related materials published by the OPHI.

Other writers certainly influential on this author’s preference formation have been and continue to be Joseph Stiglitz and his work on neo-Keynesianism, but probable more important however his and the historic works of Paul Samuelson, Kenneth Arrow, Cecil Pigou and Otto von Bismarck on support-led strategies and welfare economics broadly defined (in addition to those authors to be cited in the thesis). Edmund Husserl’s work on inter-subjectivity in phenomenology and communication has been a further influence, as has been Deepa Narayan’s participatory

studies on poverty. Karl Jaspers' notion of "freedom" and his work on the "researchability of freedom" within his existential philosophy were substantial in giving me perspective, and in helping me to formulate the scope and limitations I have encountered when working with the research object "poverty as unfreedom".

Yet, this thesis falls within the cognitive studies on poverty philosophy and studies. Therefore my own interpretations and viewpoints on the frameworks' and methodologies' scope and limitations are presented, which are greatly influenced by an innate multidisciplinary interest in academic and narrative writings on human well-being broadly defined. This will feature in the thesis by references to works produced in the wider academic fields of psychology, biology, sociology, neuroscience, primatology, *inter alia*, and, to a certain extent, influential literature and arts, such as Orwell's "1984" and Huxley's "Brave New World".

### **Ethics of Poverty Research**

A last note prior to starting the research is owed to the ethics of poverty research. Although this dissertation is not drawn up upon direct contacts with people living in poverty, it remains nevertheless the author's duty not only to perceive poor people as dignified subjects on ethical equal terms, but also to transmit this through the writing style of this monograph. If this text hasn't been able to live up to this standard, if it constructs the notion to perceive poor people as objects of an interesting academic discussion, than this has been unintended. This statement is crucial, because although living in poverty is a life in deprivation indeed, it remains nevertheless a life of dignity not to be attacked.



**PART I:**  
**Conceptualising Multidimensional Poverty – Amartya Sen’s**  
**Capability Approach Examined**

## **1 Problem creation: The linear interlinkage of poverty definition, concept, categorisation, measurement and policy**

In “Defining Poverty in the Developing World”, edited by Stewart et al. (2007), the authors discuss one of the basic questions regarding research on poverty: Is the definition of poverty of concern for drafting policy? In 256 pages they conclude that it indeed is, against “a widely held view among development practitioners (...) that these (...) differences do not matter much in the end” (Fukuda-Parr, 2009: 155). The observable defining issues are the monetary approach, the capabilities approach, social exclusion and participatory approaches. It is asserted that the way poverty is defined determines the course of policy action, which diverges fundamentally from one another.

While I would certainly agree with the authors’ line of argumentation, on the contrary I would argue in favour of a different fragmentation and labelling, and the incorporation of two further steps in between definition and policy, which concerns conceptualisation and categorisation of poverty. This thesis thus departs from the notion that poverty needs to be distinguished between an:

1. Inter-subjective (positional objective) *definition/understanding* of poverty (as ill-being): Poverty is understood as the deprivations in multidimensional dimensions of (ethically) individual “well-being”;
2. *Conceptualisation/ valuation* of poverty as well-being<sup>15</sup> (income, welfare, needs, rights, capability, social inclusion), which is certainly more disputed, as it deals with socio-economic/political ideas and notions;

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<sup>15</sup> In this chapter I will use the terminology “poverty as well-being” to discuss the concept of a good life. Despite the awkwardness of the term, it ought to become clear that discussions on poverty are often *implicitly* guided by the idea of what constitutes a good life, which has a direct effect on how poverty is understood as ill-being. The terminology thus differs from the general linguistic-semantic usage in the interdisciplinary academia, which usually distinguishes poverty *from* ill-being and well-being (see for instance McGillivray (2006), or Narayan et al.: “From these discussions emerge local people’s own terminology and definitions of wellbeing, deprivation, illbeing, vulnerability and poverty” (1999: 22)).

3. *Categorisations* of the severity and characteristics of poverty as ill-being (such as in absolute vs. relative, transitional vs. chronic, female, child poverty, *inter alia*), which are, in turn, inter-subjective (positional objective) agreed upon.

Poverty definition and conceptualisation are certainly mutually reinforcing, however, in my view, need to be separated, a notion which is different from those authors for instance of “Defining Poverty in the Developing World”, who interchangeably use these terms. This first chapter will thus aim to lay out the reasons for these differentiations, as well as the notion how this in turn greatly influences measurement preferences (how poverty is measured, for instance, unidimensional or multidimensional, ethically individualistic or at the household level, among others, is greatly rooted in the conceptualisation of poverty). Finally, interlinkages will be aimed to be established between these notions and their direct consequences for subsequent policy prescriptions.

### **1.1 The linear interlinkage between poverty definition, conceptualisation and categorisation**

To initiate the discussion with ‘what poverty is’, its definition, it usually helps in research to trace the meaning of a word etymologically, to hopefully receive answers to this pressing question. Yet, the etymology of poverty is only helpful to a certain extent. The word poverty has its origin around 1125-75 (ME *povertē*, OF *povertē*, L *paupertāt-* (s. of *paupertās*)), and only refers to “small means or moderate circumstances” ([http 1](#)). It doesn’t hold any further clarification as of what constitutes small means or moderate circumstances, and basically hints towards both, poverty as means (input, such as commodities and income) and ends (opportunities and a status in society). Due to these

ambiguities and under specifications, it is problematic to discuss this term in a manner which would deem the label invariantly *objective*, as in the notion that poverty exists ontologically independent of the conceptualisations of the human mind.

Therefore, poverty has *numerous* interpretations, which are caused by such diverse factors such as culture, space, time, philosophical worldviews, customs and conventions of society (Hobsbawm, 1972 in Leonard, 2006: 1307). Spicker (1999), for instance, is dedicating a lion's share of his "International Glossary" on the analysis of the numerous definitions; thus, please be referred to his and the work of others (such as Lister, 2004 and Odekon, 2006) if interested in such a rather anthropological and historical trace<sup>16</sup>.

Importantly, because of this, poverty is studied and discussed academically in a wide disciplinary area, crossing the social and anthropological studies, economics, demography, political studies and philosophy, *inter alia*. Ultimately however, poverty is a *social issue*, which touches the attention and emotion of every human being, so poverty is issued in arenas outside the academia as well, such as literature, theatre, and the arts greatly defined.

As poverty "expresses many connotations and has always had a relevance to notions like deprivation, insufficiency, deficiency, and the like" (Oyen, 2003 in Leonard, 2006: 1307), it touches also aspects of morality, ethics and human dignity, and is crossing the boundaries of subjectivity and inter-subjectivity, understood as a concept that bridges the intrapsychic and interpersonal school of thoughts. Greatly coined by Edmund Husserl at the early and mid-20<sup>th</sup> century (Husserl, 1950), and later picked up by other academic authors outside *phenomenology*, such as Galtung (1996: 9), it states that "intersubjective experience plays a fundamental role in our constitution of both

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<sup>16</sup> Part II of the thesis will operate intensively with definitions of the Mozambican context. Please see Appendix 1 and 2 for that matter.

ourselves as objectively existing subjects, other experiencing subjects, and the objective spatio-temporal world”. From a first-person point of view, intersubjectivity is achieved when a person undergoes acts of *empathy*, and it “occurs in the course of our conscious attribution of intentional acts to other subjects, in the course of which we put ourselves into the other one’s shoes”. Thus, inter-subjective *understanding* is achieved when two or more individuals share a common comprehension of subjective states, that is, when “by and large the other subject structures the world into objects in the same style I myself do” (Beyer, 2008).

The term intersubjectivity is disputed across philosophical disciplines, most importantly among philosophical *realists* and *idealist*, because in Husserl’s understanding a precondition for intersubjectivity is the presupposition that “the spatio-temporal objects forming my own world exist independently of my subjective perspective and the particular experience I perform; they must, in other words, be conceived of as part of an *objective* reality” (Beyer, 2008). However, that “does not mean that the objective world thus constituted in intersubjective experience is to be regarded as completely independent of the aspects under which we represent the world” (Beyer, 2008). Objectivity in this sense doesn’t need to be regarded as a reality “outside human practices”, to the contrary, it is “determined by them” (Brown, 2008: 17).

This line of argumentation can be compared to other authors writing on this topic, including Sen himself, who postulates a *positional objectivity* stance in regard to valuations of statements, which basically states that *objective* evaluations are possible, if objectivity isn’t understood as invariance. As of this, evaluations can be labelled objective, whilst not necessarily *true*, if positional features, such as a person’s background and other context specific particularities, are taken into account. While objectivity in this sense can be achieved, it isn’t the truth which is uncovered, as biases

of all actors involved are captured as well. However, if this is done, any person who can (or at least tries) to share the position of the receptor (of the statement) “can understandably take much the same view for much the same reasons” (Sen, 1982a, 1983b, 1993d, 1995i in Alkire, 2002: 135).

Both lines of argumentation, which are similar though shouldn't be perceived as the same<sup>17</sup>, are basically used by social science researchers, who, while in recognition that objectivity and truth are both illusive concepts in their field, nevertheless consider their work relevant. Thus, these positions aim to defend statement rejections with hindsight to subjectivity, and the danger this entails in regard to solipsism (“ontological individualism”) and relativism (“anything goes” mentalities, the omnipresent danger of the post-structuralist school of thought)<sup>18</sup>.

The relevant question for the study of poverty is, however, whether in absence of one ontological independent world of the conceptualisations of the human mind (thus in

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<sup>17</sup> Inter-subjectivity ought to be distinguished between an inter-subjective act of empathy (as in phenomenology), in which I personally put myself into the other one's shoes, which can be facilitated by a proper positional objective evaluation of the situation. An inter-subjective *understanding* is achieved in communication, when two or more people have established a common understanding of subjective states which are ontological dependent on the representations of the human mind. A positional objective evaluator can, again, greatly facilitate an inter-subjective understanding of a situation, even though these situations are subjectively interpreted and conceptualised. Both notions can certainly complement each other.

<sup>18</sup> Post-structuralism is usually thought of being a post-phenomenology school of thought, because it disputes with phenomenology over the existence of a “spatio-temporal world” and the role of “consciousness” (Ihde, 2003). This misses the point however in poverty research. “Whereas phenomenology was originally concerned with the philosophy of consciousness and the subject, post-phenomenological approaches emphasise the anthropic confrontation with the world – and its cultural articulation – as a trans-subjective context of meaning in need of permanent elucidation and interrogation” (Adams, 2007). While studies on poverty have certainly a cultural and anthropological aspect, post-phenomenologists can make their influence heard in this regard (and it is precisely here in which it clashes with Nussbaum's postulate of an neo-Aristotelian ontology (to be discussed in chapter 4/Part I)). For the overall study of a person's well-being however, inter-subjectivity in phenomenology and communication is considered rather more essential for a study thought of being *contemporary* and with a reach to practice, rather than purely philosophical (or historical). Both schools of thought can surely meet in an interdisciplinary study, which departs from the notion that inter-subjectivity can be achieved *even* among “idealist” (not realist) individuals. Clarifying this point has been considered crucial, in order to understand this author's appreciation for post-structuralist thinking, Nussbaum's work on neo-Aristotelian essentialism, and Husserl's classical examination on phenomenology, which technically might conflict and exclude each other (in absolute terms), though in my understanding can be brought together for the study of poverty (if structured and ordered, thus in relative terms). The same approach will be applied for the attempt to bridge the positivist and post-positivist schools of thought in poverty Q-squared analyses, considered crucial for a thorough selection of capabilities of value (to be outlined in chapter 5/Part I).

absence of an ontological objective, invariant *truth* regarding poverty), enough common ground exists to intersubjectively agree upon a definition, concept, categorisation, measurement and policy of/ for it. As will be argued, for the definition of poverty and its categorisations, this is indeed possible, whereas the conceptualisation, measurement and policy aspects are still more disputed.

## **1.2 Looking for an inter-subjective common ground**

According to Oyen “most societies are, more or less, stratified according to some criteria”. Thus, “the consequence is that somebody always has to be at the bottom” (2003 in Leonard, 2006: 1307). Poverty defined as ill-being may be most easily understood as those strata at the bottom however context-specific defined. Because of this placement however, which constitutes a *status* in society more than the mere absence of means such as income or consumption, poverty discussions are almost always value laden about those who are considered left behind, while the fear of becoming part of this disadvantaged group at some point in time feeds in. This poses relevant questions in regard to the definition of poverty, and for its evaluative criteria. Not only is it important to understand what constitutes the criteria for these strata, but also to question what evaluative criteria are to be used in the end for the evaluation and judgement of individual well-being; these context-specific, yet still somewhat external ones to the individual, or intrinsic, yet utterly subjective ones to the individual. As of this discrepancy, poverty, pinched somewhere in the interplay of ill-being *vis-à-vis* well-being, is an elusive phenomenon, ideologically, politically and psychologically loaded.

Going further, for some there is a *normative imperative* involved, that is, if someone faces a person below one’s own ranking on the social ladder, one should aim to

improve this person's positioning, or at least, there are parts of society who will take over the responsibility to fulfil this role. It has thus an innate justice dimension. Yet, the manner in which justice shall be restored is also controversial, and thus corresponds with the more disputed category of poverty as well-being concepts. For instance, should justice be restored through equal distribution of primary resources (Rawls, 1971), capabilities (Sen, 1996; 2009), or should a favouritist-patronage stance be adopted, which basically postulates affirmative action for those least able at converting resources (such as income, goods of consumption or commodities) into functionings a.k.a. achievements of value, such as being well-nourished, employed, literate, *inter alia* (Sen, 1992)?

In this intertwined situation it may be worth focussing on what is somehow intersubjectively agreed upon, than to dwell on the differences. First off, a precondition that grants any judgement on poverty in any particular case is to be familiar with the specific way the given society is ordered or structured. Without knowing how the society is ranked, how can one be sure about placing people in the *poor* category at the bottom? Thus, there is commonly "consensus that any poverty definition needs to acknowledge particular social, cultural and historical contexts" (Ludi and Bird, 2007: 5). Another general agreement is that "poverty needs to be understood at the individual rather than the household level", thus *ethical individualistic*. This doesn't entail regarding the individual as *ontological individualistic*, because any "insight into an individual's position within the household is essential in view of understanding dimensions and causes of disadvantage" (Ludi and Bird, 2007: 5). This notion is in line with Sen's positional objectivity demand, and additionally acknowledges, that whilst focussing on the individual, that this individual cannot be seen as an independent *atom* of its own detached from its socio-cultural environment (Robeyns, 2005a: 108).



Going further, there is “also agreement that a person’s poverty status is unlikely to be static and that people move in and out of poverty” (Ludi and Bird, 2007: 5). This has very much to do with the various categorisations of poverty, such as in absolute vs. relative, chronic vs. transitional, female, child poverty, upon which the academia can agree, and which can feature very much in any evaluation of poverty as ill-being, however conceptualised<sup>19</sup>. Absolute poverty for instance can appear in a monetary evaluation as much as in a capability one. Yet, with the incorporation of “time” as another illusive phenomenon into the discussion on poverty, much recently published research concentrates on identifying the most appropriate placement and confinement of categories (Addison, et al. 2009). “Identifying” who is poor and in what form, Amartya Sen’s famous first step in poverty measurements (1976), became a challenge in its own right.

Finally, and probably most importantly however, is the “consensus that poverty is multidimensional, encompassing all important human requirements” (Ludi and Bird, 2007: 5), which broadly entails income, work, education, health, mental well-being as enjoyment and emotions, socio-political participation and having one’s voice heard. This multidimensionality brings a multiple-vertical element into any poverty discussion, and conceptualisations need to have the ability to evaluate *all* dimensions accurately, regardless of the criteria (external or internal) that is applied.

However, people who experience deprivations in these multidimensional dimensions can *only* be labelled poor, *if* they fall below a horizontal, intersubjectively constructed poverty line. While the demand for a line is acknowledged, much debate

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<sup>19</sup> This statement should be seen despite statistical limitations in measurement techniques. Certainly, distinguishing between chronic and transitory forms of poverty as multidimensional capabilities deprivations through quantitative analysis is attached to complications which will be subsequently discussed (in subpoint 1.3 and 2.1/ Part I, and chapters 4 and 5/ Part II). This doesn’t render it impossible though to identify, through qualitative research mostly, population groups and individuals who are chronically capabilities deprived, and those who move in and out of capability deprivations.

regards its placement (static vs. fuzzy set). Thus, finding a benchmark of indicators against which one evaluates and judges poverty as ill-being is problematic and disputed, as this must be done both, vertically and horizontally. Thus problems emerge addressing the following questions:

1. How should multidimensional poverty be conceptualised?
2. By which criteria should this concept of poverty be then evaluated?
3. What dimensions are incorporated in the poverty study?
4. How to trade-off and weight dimensions?
5. Should poverty be measured unidimensional or multidimensional?
6. If poverty is measured multidimensional, should there be one horizontal poverty line or multiple cut-offs?
7. Which research tools should be applied for examination?

### **1.3 Leaving the common ground**

The above questions are inherently disputed. There is literately no cross-spanning common stipulation on how to evaluate multidimensional poverty, and further, how to initiate ‘good change’ (Chambers, 2004). For instance, should the *driver* for change be a competitive economic model (neoclassical economics; neo-liberalism), or a ‘solidary’ welfare state, that provides either *direct* support in form of handouts, positive incorporation and social inclusion, or *indirect* support in form of capabilities and ‘freedoms’ (a discussion that links directly to the justice discourse). The reason why these discussions are so disputed relate to the conceptualisation of poverty, thus question one, which can be best answered with hindsight to its importance. Conceptualisations of poverty act as a point of departure for evaluations, measurements and analyses, and thus subsequent policy recommendations, for actions deemed

necessary, according to the author, to fulfil the normative imperative of improving the positional objective situation of the poor on the stratified latter of social arrangements. Therefore, any given choice of the concept of poverty will greatly *determine* the range of policy recommendations to alleviate the poor person's situation, and basically, to establish one's own idea of *well-being* and a *good life*. As Ludi and Bird write:

the monetary approach might suggest income growth through overall economic growth or redistribution, while a capability approach might favour the provision of public goods such as health and education services. Applying social exclusion and adverse incorporation approaches will draw attention to addressing the structural determinants of power asymmetries, exploitation, patronage and exclusion (2007: 6).

Thus, the relevant contemporary question in poverty studies is not so much how poverty as *ill-being* is defined, or which categories have been identified. Whereas these concerns are important and in need of continuous investigation for detailed pro-poor targeting, it is imperative to address the question of how to conceptualise poverty as *well-being* (socio-economically/politically), in order to adequately *match* the contemporary multidimensional definition of poverty as ill-being. For instance, can the monetary approach of well-being (with income maximization as its goal) adequately address a poor person's currently acknowledged lack of voice and empowerment, or social inclusion into their community?

There is also an apparent need to address the difficulty of how to bridge innate evaluative criteria with external ones, thus to appease subjective perceptions of poverty with those positional objective ones of the context-specific community, in the society at large<sup>20</sup>.

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<sup>20</sup> In "Poverty Dynamics: Interdisciplinary Perspectives", Addison et al consider research on "*poverty dynamics* – over the life course, across generations, and between different social groups" - *the crucial focus in contemporary research on poverty*. That is, because "there is now wide acceptance that static analysis have limited explanatory power and may conceal the processes that are central to the persistence poverty and /or its elimination" (2009, vii). While this is indeed correct from a *duration* point of view, the detriment is that poverty has to be conceptualised as unidimensional "income deprivation" for statistical

## 1.4 Recapitulation and outlook

This first chapter aimed to introduce the reader into current debates concerning research on poverty as an object of study. This problem creation peaked in the demand to distinguish between an intersubjective definition of poverty (as ill-being), and a concept (of well-being) for its evaluation, as the latter discussion is characterised by a higher level of disagreement. Further, it alluded to the complication of having a justice discourse unavoidably attached to poverty as a moral concern, and the challenge to choose between various kinds of evaluative criteria. It departs from the notion that any proposed concept ought to be able to evaluate *all* dimensions of poverty in its contemporary, multidimensional vignette.

In addressing this demand this thesis will argue that the epistemic community of human development and capability advocates addresses these daunting issues in a more precise way than accomplished by its competitors, precisely because they do not *a priori* dismiss any of the contributions of the other concepts as utterly irrelevant, but rather readjust and reincorporate these evaluative issues within its domain as a framework. To prove this theorem, the dissertation follows the structure as outlined in the General Introduction.

In the next chapter the problem creation will be diachronically traced; that is, chapter two will analyse the come about of perceiving poverty multidimensional, and gives further details of poverty categorisations, and considerations for choosing evaluative criteria.

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reasons (as income is a continuous variable that allows for analysis via panel data). Having a poverty measure adjusted to time *and* multidimensionality is a problem unsolved as of today (please see for that discussion also Foster within the same book). Therefore, the adopted measurement in chapter 5/Part II of this study choses to be a multidimensional one, which attempts to orient at the notion that poverty ought to be conceptualised as “capabilities deprivation”, a rationale outlined at length in Part I of this thesis. The detriment will be that the measure has to be a static one.

## **2 Understanding and conceptualising poverty: a diachronic theoretical analysis**

In the following narrative the most influential understandings and concepts of poverty, which predominantly sharpened the international debate from the 1960s onwards, will be presented. This introduction is intended to update the reader as of the current debate. It will become apparent that *ideas/ concepts* of poverty (as well-being) greatly shaped the term's *understanding/ definition* (as ill-being), which, in turn, poses severe challenges for traditional evaluative frameworks of poverty and social arrangements at large, such as GDP per capita or utility expansions<sup>21</sup>.

### **2.1 The concept of poverty and the consequences for its understanding: a narrative**

Table 1 presents a brief overview of the main concepts of poverty as well-being as emerged over time. Poverty as ill-being has been historically related to a deprivation in income, which still somehow remains at the core today. Whereas in the 19<sup>th</sup> century “subsistence needs” were foremost, from 1900 to the 1960s, poverty was mainly economically determined based on income per capita (GDP). This altered however with Seers (1969), who expanded the meaning of poverty as ill-being beyond economic means into the satisfaction of *basic needs*. Although still largely economic, basic needs comprised income, employment as well as physical necessities for a basic standard of living such as shelter, public goods and food. Various indicators and composed indices, such as the “levels of living” indicators of the United Nations Research Institute for Social Development (UNRISD), subsequently emerged in the late 1960s, the 1970s and 1990s, among which the UNDP’s “Human Development Index” is the most notable (Sumner, 2007: 6).

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<sup>21</sup> The narrative is derived from Sumner (2007: 6-8)

Table 1: The evolution of the poverty concept, 1960s – 2000s

Period	Concept of poverty
1960s	Economic
1970s	Basic needs (inc. economic)
1980s	Economic
1990s	Human development (inc. economic)
2000s	Multi-dimensional 'freedom'

(Sumner, 2007: 6)

During the 1980s though, in which the neo-liberal takeover of key positions in World Bank and IMF peaked, income deprivation was reinstated as the central focus, albeit work of Chambers (1983) on non-monetary well-being (social inclusion and empowerment) gained scholarly attention. Other aspects of well-being beyond income, such as nutrition, education and health were mentioned in key reports, (e.g. the World Bank's World Development Report (WDR), 1980 (Sumner, 2007: 7)), however, economic deprivations tended to dominate the public and policy debate on poverty as ill-being.

The late 1980s and 1990s witnessed the most influential period of scholarly discussion on poverty. Amartya Sen and the UNDP's annual Human Development Reports, first launched in 1990, posed as crucial challengers of the mere economic determination of poverty as ill-being. Sen, Nussbaum et al. and the UNDP encompassed poverty as "income poverty" (economic) plus "human poverty" (non-economic). Compared to the 1970s and 1980s, well-being was not based on "desire fulfilment" (consumption measured by the proxy of income), as this approach failed to take the individual physical condition into account. In lieu thereof well-being was defined as "the process of enlarging people's choices" (UNDP, 1990: 1) and "(...) opportunities for living a tolerable life" (UNDP, 1997: 2; Vizard, 2001). Sen shifted the focus from *means* (such as income to buy necessities) to *ends* (such as being well nourished). Well-

being is constituted by a wide range of conditions, including, among others, food, health, clothes, shelter and education. Sen placed the *individual* into the focus of policy, by assigning him entitlements, such as the command over commodities (goods and services). These entitlements were created through endowments (assets owned) and exchanges (production and trade by the individual). Many of these entitlements take place in the non-monetary/ non-marketed economy (in the subsistence). To achieve the set of conditions of well-being (individually defined), policies should focus on the enhancement of people's capabilities (Sumner, 2007: 7).

The work of Sen and the UNDP greatly redefined the understanding of poverty as ill-being, but was also influential on the choice of research methodologies for examination (traditional quantitative assessments reached their limit and had to be overthought with the shifting focus away from "income" as an easy measurable (because continuous) variable<sup>22</sup>). Yet, the "human poverty" challenge was responded to by leading neo-liberal economists in World Bank and IMF in a timely manner: in 1990, the World Bank launched what would become *the* global poverty indicator, the new *dollar-a-day* measure. Poverty was conceptualised in the simplest economic way, based unidimensionally on income and expenditure. The measures' success and subsequent dominance was rooted in its simplicity. With this move the World Bank secured income poverty its place in what can be described as the "first among equals".

What followed were numerous UN poverty conferences, most notably the Copenhagen World Summit on Social Development 1995, which paved the ground for what should become the Millennium Development Goals (MDGs). The eight goals,

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<sup>22</sup> Although still of relevance, measurement results are increasingly exposed to detailed scrutiny and, to a certain degree, scepticism (see for instance the detailed criticism raised of poverty measurements in Mozambique in Hanlon and Smart, 2008, or my own "critique" of Mozambique's official measure in chapter 2/Part II). Additionally, and as will be outlined in chapter 4.3 and 5/Part II, applying measurement techniques to translate Sen's (individualistic) CA is attached to great complications. As of this rationale the thesis adopted a multi-tiered research approach to evaluate poverty in Mozambique, against one which follows stringently one methodological approach.

although recognising the importance of incorporating economic *and* non-economic indicators, adopted the dollar-a-day measure and gave it the top position. The World Bank also granted concession to the overworked poverty definition in its 2000/1 WDR, though, even here, social indicators primarily appeared in later parts of the report (Sumner, 2007: 7).

At the end of the 1990s, the understanding of poverty as ill-being was severely challenged once again, which finally metamorphosed it into a multidimensional phenomenon. Income and human poverty were philosophically questioned through the debate of whether poverty is a universal or an individual phenomenon. In “Whose Reality Counts? Putting the Last First” (Chambers, 1997) and “Voices of the Poor: Can Anyone Hear US?” (Narayan et al., 1999), subjective perceptions of poverty as ill-being found scholarly attention, and revealed two “new” psychological aspects of it: vulnerability and risk on the one hand, and, importantly, exclusion and powerlessness on the other (Sumner, 2007: 8). Any subsequent research and conceptualisation on poverty has had to face the challenge of incorporating participation, social protection and empowerment as part of its remit.

To summarise half a century of debate and presenting the current status quo, it can be said that poverty has merged from being a merely economical conceptualisation to an intersubjective understanding of it as a multidimensional phenomenon. This illustrates how understanding ill-being and conceptualising well-being are mutually reinforcing, and what it means to live in misery is determined within this interplay. Well-being can be broadly conceptualised, either with a focus on “ends”, “means”, “rights”, “freedoms” or “needs”<sup>23</sup>. These concepts are subject of a philosophical discourse across various ontological and epistemological schools of thought, such as

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<sup>23</sup> Prominent CA analyst David Clark has argued though that the CA manages to bring together many of the concerns of basic needs theorists (Clark, 2006: 3). He therefore argues that the BNA has merged into the CA.



universalism vs. individualism, transcendental idealism vs. internal realism, and essentialism vs. existentialism. These are challenges a researcher has to take into consideration when choosing to embark upon an evaluative framework to assess multidimensional poverty as ill-being, as well as his/hers analytical choice of research tools for solid examination.

Multi-dimensional Poverty<sup>24</sup> as defined by the World Bank and the UN:

Poverty is pronounced deprivation in well-being. But what precisely is deprivation? The voices of poor people bear eloquent testimony to its meaning (...). To be poor is to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled. But for poor people, living in poverty is more than this. Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by the institutions of state and society and excluded from voice and power in those institutions (WDR, 2000: 15).

Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decisionmaking and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets. Women bear a disproportionate burden of poverty, and children growing up in poverty are often permanently disadvantaged. Older people, people with disabilities, indigenous people, refugees and internally displaced persons are also particularly vulnerable to poverty. Furthermore, poverty in its various forms represents a barrier to communication and access to services, as well as a major health risk, and people living in poverty are particularly vulnerable to the consequences of disasters and conflicts. Absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services (UN, 1995).

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<sup>24</sup> Two further definitions are attached as Appendices 1 and 2, both of special importance for Mozambique. The first is the definition of G20, an umbrella body of 20 Mozambican civil society organisations, and the second is the definition being deployed in Mozambique's first and second PRSP. The definitions will take a central role in the subsequent Part II of the thesis. However, for the more general discussion deployed in the analysis of Part I, the World Bank's and the UN's definition of multidimensional poverty is quoted.

## 2.2 Categorisations

As of this narrative, labelling poverty as ill-being a multidimensional phenomenon is justified, intersubjectively agreed upon across various interest groups and epistemic communities. Even institutions that embark upon the monetary conceptualisation of poverty, such as the World Bank, do this with hindsight to the multidimensional poverty challenge. Other agreements concern subcategories of poverty, some of which are defined as such<sup>25</sup>:

- **Absolute poverty:** A measure of absolute poverty quantifies the number of people below a poverty threshold. This poverty threshold is independent of time and place and is the same across all countries (Ludi and Bird, 2007: 4). The focus is thus on the poorest quarter of humanity, whose deprivations are absolute and thus life threatening (Leonard, 2006: 1313).
- **Relative poverty:** Classifies people as poor not by comparing them with a fixed poverty line, but by comparing them with others in the population under study (Ludi and Bird, 2007: 4)
- **Chronic poverty:** Classifies people who remain poor for much or all of their lives, many of whom will pass on their poverty to their children (CPRC, 2004-05: 3)
- **Transitory Poverty:** Poverty experienced in short term spells. Transitory poor move in and out of poverty (CPRC, 2004-05: 133).

It should be noted that all subcategories are defined under an indefinite conceptualisation of poverty. Conceptualising each category variously is possible, for instance chronic poverty evaluated under the concept of capability deprivation could be

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<sup>25</sup> More subcategories exist and relate to gender, age, or time. However, they are omitted, as those mentioned are of most relevance. For an overview of the various subcategories, please consult Spicker et al. (2007) or Lister (2004)

done as “the subset of poor persons whose capability deprivations endure across time” (Alkire, 2007: i). Indeed, it becomes interesting and complicated when categories of different conceptualisations are discussed in regard to their consequences for each other. As Sen and Foster point out, “relative deprivation in terms of incomes can yield absolute deprivation in terms of capabilities” (1997: 212). This can cause confusion in research on poverty, namely then when analytical and linguistic-semantic clarity is not established. This is a point for further discussion in the thesis.

### **2.3 Further concept: Adverse incorporation**

Another concept of poverty as well-being omitted in the above narrative, though worth mentioning as it is endorsed by the “Chronic Poverty Research Centre” (University of Manchester) and the “Centre for Analysis of Social Exclusion” (London School of Economics and Political Science), is social inclusion (reversed for poverty as ill-being is it adverse incorporation/ social exclusion (AI/SE)). While this has been done to a lesser degree due to disrespect for the validity of this concept, its omission has been rather due to its lesser significance in poverty *practice* so far (Woolcock, 2006: 334). AI/SE basically analyses the “processes and dynamics that allow deprivation to arise and persist” (Ludi and Bird, 2007: 4). Whereas monetary and capability analyses focus either on the individual or the household, this research strand focuses on “structural characteristics of society, the processes of exclusion and marginalisation and the situation of marginalised groups (e.g. ethnic minorities, the landless, lower castes)” (Ludi and Bird, 2007: 4). Additionally, it enhances the notion of social exclusion, and postulates the problem of prolonged *adverse incorporation* in exploitive social, political and economic structures, which leaves the poor with little or no choice of escaping poverty. It is argued that excluding the poor from certain (public) services will cause

their adverse incorporation into dependent, exploitive relationships with ‘patrons’ and the like (Ludi and Bird, 2007: 4).

This concept thus seems to have strong interconnections to the notion of power-imbances also conceptualised in other disciplinary fields, such as in IR theory under *neo-Gramscianism* (to be discussed in greater detail in chapter 3/Part I), and peace and conflict studies under Galtung’s concept of *structural violence* (1996). Whilst this is an important discussion, it will be nevertheless argued that the CA is able to incorporate these concerns, to a certain normative degree, within its vignette, as appropriate social inclusion is best achieved with empowered agents equipped with opportunity freedom of value, such as the freedom of appropriate political and economic participation. It will also be argued that policy prescriptions are likely to be of lesser *redistributive* character than those (most likely) produced by this research strand (Ludi and Bird, 2007: 4), a notion considered *in favour* of the CA (the CA demands certainly distributive justice and affirmative actions in the opportunity space, however, to a lesser degree, redistributive actions in the outcome space). Basically, the CA addresses adverse incorporation in the power phrase “poverty as unfreedom”.

#### **2.4 Distinguishing evaluative criteria**

Another point of ambiguity regards the nature of evaluative criteria. In cultural anthropology and social/ behavioural science it is common to conduct research and data collection either under *etic* or *emic* frames, a notion revitalised in poverty studies by Robert Chambers’ work on empowerment and participation. *Emic*, defined as the expression of views, concepts, categories and values of insiders (Chambers, 2007: 11), is to be acknowledged and possibly prioritised over *etic* expression of views and such,

by outsiders. The contemporary challenge posed by this differentiation is to find a fine evaluative balance between the following combination possibilities:

1. Emic notions of the individual (subjective poverty)
2. Emic notions of the social context (most likely the community)
3. Etic notions of the social context (most likely the community)
4. Etic notions of the researcher/ practitioner/ development professional/ *inter alia*

While the view of individuals will always be entirely emic (subjective), and the view of outside academics always somehow etic, it is the ambiguous role of the context specific community which is certainly emic, whilst it is being etic to the individual living in that community. This is, because as socio-environmental particularities of communities are indeed the ontology to depart from in any evaluation, they have in turn been identified as particular obstacles for the escape of poverty in great numbers of cases, or to frame it in the terminology of the capability approach, as very “real” unfreedoms to the individual (i.e. race or sexual discrimination, household violence, girls and women suffering from arranged marriages, obligatory dowry payments, or female genital mutilation, just to name a few). This poses severe challenges for any evaluation, and judgment calls are inevitable. As a rule of thumb it is inter-subjectively agreed upon to focus, if possible, on the emic notions of the communities over etic notions of development practitioners (the role of the researcher in this new research situation will be discussed in greater detail at the end of chapter 5/Part I). However, these emic notions need to be carefully scrutinised when viewed in contrast to emic notions of the individual. While there is no definite answer on how to prioritise in each individual case, which poses severe problems for concepts which are outcome orientated and that depart from perceiving ill-being as a manner of status (such as the

CA), it is, in turn, almost undisputed that sole input (means) oriented frameworks, such as those of monetary and utility kinds, will have even greater difficulty in adjusting to this revitalised anthropological concept and its acknowledged importance in contemporary poverty research.

## 2.5 Recapitulation and outlook

This thesis departs from the notion that poverty ought to be *explicitly* distinguished between a (positive) definition of ill-being on the one hand, and a highly individualistic concept of well-being on the other. This is a clarification which is often blurred in the literature, as they are mutually reinforcing. Only by reflecting upon what it means to live well one is able to understand what is meant by living ill, and, to a certain degree, vice versa. It might be a tedious task to carry out, but a simple “reversing the negative” is hardly a satisfying answer. A lack of income as one dimension of ill-being reversed into material abundance is hardly sufficient to postulate with certainty a person’s well-being. On the other hand is it almost certain that a lack of income, through empathetic reasoning<sup>26</sup>, constitutes partly a person’s ill-being and, in most societies, a low ranking on the social ladder.

Thus, while understanding/ defining poverty should rather be seen as the accumulation of a problem analysis and academic “inventory” on *ill-being*, concepts are much more forward-oriented, by hinting towards policy action and targeting to establish a person’s well-being. Admittedly, this is a complicated task to work on, as it is not only

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<sup>26</sup> Empathy can have at times distinctive advantages over alternative modes of gaining knowledge (*der Erkenntnisgewinnung*), such as empiricism, where truisms are usually formed based on observables alone. For instance, assuming that deprivations in community health are currently not an identified problem (or a non-observable) of ill-being, it carries the inherent risk of classifying investments in public health systems a low priority. Hence, the concept of poverty as well-being is oriented after what can be observed, which may put people at risk of being more vulnerable to unforeseen shocks. This risk may be limited once empathetic awareness is established. This will, most likely, give deprivations in health (and the vulnerability to suffer from it) always a sufficient amount of attention, and hopefully, a priority stance in a person’s well-being concept.

a highly politicised area, but also as it strives towards the achievement of the *well-being* of an ethical individual, in a non-solipsistic world (which might explain the absence of an intersubjective common understanding in this discussion).

From this angle, ill-being analyses are backward-looking and to a lesser degree politicised or moralised; instead, they aim to provide appropriate problem assessments by analysing the characteristics of the poor and the idiosyncratic reasons for their *status*. Well-being, on the other hand, tends to be defined at the individual level, with varying ideals nonetheless. Notions of living-well differ and interchange, not only interpersonally, but also intra-personal during a life course. At times people strive for utility, monetary wealth and independence, or search for freedom of body and mind. These ideas often conflict, and pose problems for each other, e.g. a highly liberalised lifestyle of person A may inhibit the well-being of person B. Achieving well-being relies on the complex interplay between the physical and intrapsychic conditions of the individual with influential external factors. Due to this complicated interplay, specifying what it means to live well, through empathetic reasoning, causes greater difficulty than understanding (hence defining), what it means to live in misery.

Thus, to keep the discourse on poverty within a manageable spectrum, it might be more convenient to define well-being as the mere though continuous absence of ill-being (hence, to define it almost entirely *ex-negativo*, that is in demarcation to what it means to live ill, which, on the other hand, can be “positively” defined). It goes without saying that this alone would be a tremendous achievement, as it would assure the poor with human achievements (or “ends”), such as being well-nourished, clothed, emancipated, at peace, or educated.

Despite the tediousness of the task to embrace such (admittedly abstract) thinking, its advantages should become apparent in light of the challenges the

contemporary, multidimensional definition of poverty as ill-being poses for established evaluative frameworks of well-being. How will utility and monetary concepts of poverty, *the* dominant evaluative frameworks in development *practice*, adequately respond to the sensitivities of the poor having their voices heard, ensuring their empowerment, participation in decision-making, or feeling of being cared for? Is this even possible with money, consumption or any form of desire-fulfilment? What about aspects of life considered important, though not incorporated in either of those frameworks, such as personal and social commitments? And probably most importantly, will they assure that investments in human and social capital are continuously advancing into policy areas such as education and health systems, to ensure a sustainable and long-term focus of pro-poor policies that stand their argumentative ground even in times when politicians, academics, the media or others are questioning the exigence of these investments?

Another strand of problems for the classical conceptual frameworks arise when challenged with the anthropological distinction between etic and emic criteria for evaluation. While indeed context-specific/ positional objective criteria are used as base for evaluations and measurements in most cases<sup>27</sup>, how are innate notions of a good life, thus utterly emic/ subjective understandings of well-being, however dealt with, captured through participatory studies such as those offered by the PO in Mozambique for instance?

These are shortcomings of the classical evaluative frameworks upon which analysis the CA emerged. In acknowledgement of their contributions, it basically took the strong features of both, while excluding their weaknesses, to be outlined in greater detail in the subsequent chapter. There I will argue that poverty conceptualised as

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<sup>27</sup> For the construction of monetary poverty lines, the World Bank looks indeed at context specific particularities for the satisfaction of basic needs (Ludi and Bird, 2007: 2)



“capabilities deprivation” is better suited to evaluate poverty as multidimensional ill-being (that is a scant living status in society) than its peers, particularly for the country case Mozambique, as it is an outcome and status oriented framework of well-being, and hence, a suitable match indeed.

Without differentiating though between a poverty definition and a conceptualisation, as conducted in this chapter, it might be possible to argue that the limitations within the classical frameworks to respond adequately to the changed demand to research poverty (as multidimensional ill-being) as an “object of study” would have remained continuously unrecognised. From that point of view, another *raison d'être* of the explications in this chapter was the provision of yet another attempt of interpretation of the current poverty debate from a strong theoretical perspective, through reviewing the main literature on the topic.

### **3 Introducing Human Development and the Capability Approach**

In this part of the thesis the Human Development and Capability Approach will be introduced. In regards to the latter, this is in the absence of *one* collective handbook to consult with a somewhat complicated task. Amartya Sen alone, the main intellectual property holder of the concept, has wrote on development professionally over 40 years, which accumulated in 17 books, which he either wrote himself or in collaboration with others, most importantly political philosopher Martha Nussbaum, development economist Sudhir Anand and economic theorist James Foster, who thus all deserve their historic place in the creation of the CA as a proposition.

Additionally, Sen wrote over 100 articles, addressing issues of economic development, poverty measurement, justice and inequality, famines and hunger, among others (Alkire, 2009a: 2). More narrowly, he developed his CA over the previous 30 or so years, beginning with the *Tanner Lecture* “Equality of What?” delivered at Stanford University in 1979 (Clark, 2006: 2), though he has never written a *single* book or article which explains the CA in its entirety. He rather developed, re-developed, fine-tuned and defended his proposition in the following main writings, which are listed separately in the bibliography: Sen 1980a; 1980/1; 1985 a,b; 1987 b; 1988a; 1990a; 1992a; 1993a; 1994b; 1996a,e; 1997a; 1999; 2004 (extracted from Alkire, 2002: 4, fn. 12). While he owes gratitude to the aforementioned analysts in the philosophical development of the CA, he nevertheless remains the intellectual property holder of the framework. Thus, unless otherwise stated, it is Sen’s notion of the CA which will be subsequently discussed.

Others have taken a deep profession in analysing these writings and the work of other CA analysts in order to outline and explain the framework in a more comprised and user-friendly way, of which I will mostly use Alkire, Clark, Comim, Deneulin,

Robeyns and others. One can take great confidence in the writings of Alkire and Robeyns especially, as both have received feedback from Professor Sen, which should ensure that their understanding of the core concept is correct and that they do not misrepresent his ideas. Taking into account the “diverse and unconsolidated nature of secondary literature on the capability approach” (Alkire, 2005: 125), I trust that with the consultation of Sen *and* other authors, who provided overview articles of the approach, I will minimise the risk of misinterpretation. Having said this, it is without saying that any mistakes, misconceptions or misunderstandings of the CA which appear in this thesis are the fault of my own.

To make this primary statement is important, because of several reasons. The first relates to the objective of this first part of the thesis. As stated in the introduction, Part I aims to function firstly as the literature review on *poverty*, and to frame secondly the *research rationale* of the subsequent Part II of the thesis; that is, to provide the philosophical base for what then is the *empirical operationalization* of the CA. Knowing the CA in detail is hence crucial for this endeavour, which requires an analysis and triangulation of primary with secondary sources<sup>28/29</sup>.

The second reason relates to the contemporary *state of arts* within the CA itself. The question is what work on the CA has been done and with what objective one starts his/hers research. Currently, that is of 2009, there is no great demand for yet another

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<sup>28</sup> Certainly, not all points theoretically discussed in Part I will be of the same relevance for the practical translation of the CA for Mozambique in Part II. Analysing the CA in its integrity, which includes the theoretical discussion of research methodologies for the selection of capabilities in chapter 5/Part I, remains crucial though nevertheless, not only for its theoretical and hermeneutic wealth, but also because empirical developments are not static but ever-evolving, and because the CA has to be tailored onto the empirical case study at hand. Hence, in order to be able to adapt the CA to changing demands, one needs to be familiar with the framework entirely, and the various research methodologies for its application. This will then be also beneficial for my planned post-doc research, to be outlined in the General Conclusion, which aims to bring the CA from the macro- onto the microlevel and into Mozambique’s field.

<sup>29</sup> There has also been a very practical reason to triangulate sources, which is that financial and other constraints have inhibited me of acquiring and accessing the plethora of books and journal articles these (primary) scholars have produced on this topic. Therefore, I had to rely on secondary scholars who took on the profession of studying Sen’s and Nussbaum’s writings in great and absolute detail.

text to *explain or introduce* the CA beyond what is readily available<sup>30</sup>, wherefore it is justifiable to consult those who have done this work. The emphasis for future research is clearly on *empirical application* and theoretical *discussion* and *critique*. Turning the proposition into a *development paradigm*, that is, “a captivating vision or insight, linked to a set of technical tools that are propelled expertly by a set of people with communication, coordination, and feedback mechanism” (Alkire, 2003: 9) is currently considered *the* crucial task for anybody interested in facilitating this endeavour. After all, the CA is beside its intellectual and moral attractiveness still on the brink of becoming yet another visionary, but unpractical/ non-user-friendly set of ideas (as the Basic Needs Approach (BNA) (Alkire, 2005: 117)). I thus consider my current work a contribution to this transformation process, in the way that I will discuss the CA in Part I beyond its mere presentation, in which I will share some internal and external thoughts and reflections on the CA and its critiques prior to its application for the country case Mozambique. This will outline the reasons *why* I want to facilitate the aforementioned transition, something which should be done with caution and responsibility, because in development, as Sen writes, “a misconceived theory can kill” (Sen, 1999: 209).

The last reason relates to the also aforementioned danger of misinterpretation, may it consciously or unconsciously. The CA is a very complex concept that uses expressions (capabilities, functionings, well-being, agency, etc.) that can be confusing if not dealt with carefully. It definitely requires some cognitive effort to grasp the main insights. Especially academics and practitioners interested in operationalizing the CA should have the necessary patience and caution to study with the same thoroughness the philosophy as one will devote the time to *get the work done*. Although this should be a given, practical instances show the danger of misinterpretations in hasty applications.

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<sup>30</sup> Although this might become necessary if the CA should morph into a different shape in the future.

As Alkire worked out, the first World Bank reports that outlined poverty reduction strategies actually misquoted the term *capabilities* as merely *health and education*, meaning that *freedom* had been omitted, as had the functioning vector to have the ability to *walk around without shame* (2005: 117). Another example is offered by Robeyns (2003: 11, fn 1), in which she points towards a poverty and deprivation study by Klasen (2000), which claims to measure capabilities while in fact achieved functioning levels were measured<sup>31</sup>. It is ambitioned in this thesis to minimise the danger of misinterpretations, by triangulating Sen's (and other CA analysts' writings) with explanatorily texts.

Ultimately though, what this thesis (and particularly Part I) will offer is my own interpretation of the CA. It provides an overview and interpretation which is to a certain extent distinct from those offered by Alkire, Robeyns, Clark, Comim, and others, but which is considered relevant, as the CA is not a closed theory or dogma (Robeyns, 2003a: 17), but a framework with many loose ends and “deliberate incompleteness” (Sen, 1993: 47), in which value judgements are explicitly required (to be outlined in the upcoming chapter 3 and 4/Part I). Thus, while the presentation aims to not misrepresent the framework, its interpretation won't certainly be a copy of those writers who have already done this (and who are continuing of doing so)<sup>32</sup>.

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<sup>31</sup> As will be outlined, measuring functionings within a capabilities application is per se not a problem, as long as it is recognized as a divergence from the ideal (chapter 4.3/Part II). This also holds true for any other practical divergence from the philosophy, which can be accepted as long as it is sufficiently highlighted (see for instance chapter 4.6/Part II). Additionally, it is possible to recognize captured functionings as “indirect indicators of the freedom to choose” (Kerstenetzky and Santos, 2009: 192). What should be avoided though is to label functionings as capabilities.

<sup>32</sup> Please note though that my personal differentiation into “poverty as ill-being” and “poverty as well-being” (of chapter 1 and 2/Part I) will not feature in the upcoming chapters which will present, discuss and analyse the CA. That is because these chapters rely on primary and secondary sources, which operate, as previously highlighted, with different terminologies (such as the continuous usage and differentiation of “poverty” from “well-being”).

### 3.1 Human Development

In the preface to his bestselling *Development as Freedom* Amartya Sen outlines his notion of Development in a very succinct way:

Expansion of freedom is viewed, (...), both as the primary end and as the principal means of development. Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency. The removal of substantial unfreedoms, (...), is *constitutive* of development (Sen, 1999: xii).

As outlined in Chapter 2/Part I, the notion of human development had very much an impact on the international political agenda from the 1990's onwards. While Amartya Sen's CA provided the philosophical base that has helped to promote the notion of human development in the broader public debate, it is actually a notion developed in many parts of the world across different times<sup>33</sup>. At its heart is the understanding that the focus of development should be on humans as ends; that policy should focus on people's quality of life. This people-centred approach is built around the concepts of equality, sustainability, productivity and empowerment, all aspects thought of achieved best by people as active agents of their own destiny.

An important and powerful intellectual output for the idea of human development had been created by Pakistani economist Mahbud ul Haq, on whose account the UNDP first published in 1990 what should become their annual Human Development Reports, the Human Development Index (HDI) and the Human Poverty Index (HPI) (to be developed further into the MPI in 2010). It was created as an alternative draft to the World Bank's annual World Development Reports, which embarked upon income and economic growth as proxies for development. However, the

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<sup>33</sup> Sen refers in *Development as Freedom* to a conversation recounted around the 8<sup>th</sup> century B.C. in the Sanskrit text *Brihadaranyaka Upanishad*, in which a woman named Maitreyee and her husband Yajnavalkya talk about the ways and means to become wealthier. Maitreyee wonders if "the whole earth, full of wealth" were to belong to her, she could achieve immortality. Upon objection by Yajnavalkya that wealth does not bring immortality, she remarks "What should I do with that by which I do not become immortal?" (1999: 13)

limitations of GDP as a measure of what makes life valuable has been encapsulated by Robert F. Kennedy 1968 already:

Truly we have a great gross national product, almost 800 billion dollars, but can that be the criterion by which we judge this country? Is it enough? For the gross national product counts air pollution and cigarette advertising and ambulances to clear our highways of carnage. It counts special locks for our doors and jails for the people who break them. It counts Whitman's rifle and Speck's knife and television programs, which glorify violence in order to sell toys to our children. And the gross national product, the gross national product does not allow for the health of our children, the quality of their education, the joy of their play. It is indifferent to the decency of our factories and the safety of our streets alike. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither wit nor courage, neither our wisdom nor our learning, neither our compassion nor our duty to our country. It measures everything, in short, except that which makes life worthwhile (Kennedy, 1968 in Alkire and Deneulin, 2009b: ch.2)

In order to promote the notion of human development and poverty as capability deprivation, the Human Development and Capability Association (HDCA) was created in September 2004, with Amartya Sen being the Founding President (2004-2006). Its objective is to promote “research from many disciplines on key problems including poverty, justice, well-being, and economics” (<http://www.hdca.org/>). The current president is Kaushik Basu.

### **3.2 Amartya Sen's Capability Approach**

In this section the CA of Amartya Sen will be presented. As much as the philosophical foundation has been worked out in collaboration with others, foremost philosopher Martha Nussbaum, I will continue addressing him as intellectual property holder and thus confine my analysis on the CA in his notion. The reasons for this will become more apparent when Sen' CA is compared to Nussbaum's version of it.

In *Development as Freedom* Amartya Sen has fostered his notion to evaluate *social arrangements* “according to the extent of freedom people have to promote or achieve objectives they value” (Alkire, 2002: 4), that appeared in his monograph *Inequality Reexamined* (1992). Yet, as he continues in the preface to *Development as Freedom*, this basic recognition is not sufficient to fully *understand* the connection between freedom and development. He argues:

The intrinsic importance of human freedom, in general, as the preeminent objective of development is strongly supplemented by the instrumental effectiveness of freedoms of particular kinds to promote freedoms of other kinds. The linkages between different types of freedoms are empirical and causal, rather than constitutive and compositional (Sen, 1999: xii).

To illustrate this abstract reasoning, he gives two examples, of which I like to quote one:

(s)ocial opportunities of education and health care, which may require public action, complement individual opportunities of economic and political participation and also help to foster our own initiatives in overcoming our respective deprivations (Sen, 1999: xii).

The challenge for policy analysis is thus clear: if the objective of development is to expand freedoms, which are to be distinguished between those of intrinsic and instrumental value, then one has to establish “empirical linkages that make the viewpoint of freedom coherent and cogent as the guiding principle of development” (Sen, 1999: xii).

It is eminent that in this thumbnail sketch of the CA one will find certainly clarification regarding the concept’s objective, which, for Alkire, constitutes one of its fundamental strengths (2005: 117). In judging social arrangements, poverty, social justice, individual well-being, development, *inter alia*, one should analyse individual advantages “in terms of the capabilities that a person has, that is, the substantive



freedoms he or she enjoys to lead the kind of life he or she has reason to value” (Sen, 1999: 87). It is an evaluative approach which Sen himself described as “friendly”, as opposed to others that are of “fierce”. “Friendly” processes of development are exemplified “by such things as mutually beneficial exchanges (...), or by the working of social safety nets, or of political liberties, or of social development – or some combination or other of these supportive activities” (Sen, 1999: 35-36). In contrast, “fierce” approaches to development demand much ““blood, sweat and tears – a world in which wisdom demands toughness” (1999: 35). In this notion, safety nets, social services, civil rights and democratic institutions are considered “soft-headed”, things which should be developed *after* enough fruit has been borne (1999: 35)<sup>34</sup>. Sen’s preference of friendly over fierce concepts of development is rooted in theoretical reasoning and empirical observations, some of which to be outlined in this thesis.

Yet, on the other hand, one will be left bewildered about the core notion of the CA, that is, how can Sen conceive *freedom* constitutive of development, as opposed to other alternatives, such as needs or utility? The notion of freedom is thus open for debate, as is the differentiation between intrinsic and instrumental freedoms in individual empiric situations, and the role of these freedoms as an evolutionary base as opposed to alternative approaches to development, most notably those of recourse-based and utilitarian kinds. The question is of whether freedom might or might not be overemphasised in judging development.

### **3.2.1 The CA - Just about development?**

Another necessity for clarification of the thumbnail sketch above regards the CA’s analytical frame. In fact, if the CA is explained as above, it can be a little bit

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<sup>34</sup> Joseph Stiglitz has been another prominent critic of the “fierce” approach to development (2002; 2009). The writings of Sen and Stiglitz are certainly to be placed in a same heterodox economic tradition broadly defined.

misleading in the way that one may think that freedom is the objective of solely *development*, and that thus the framework is a narrow focused concept. Readers in what is commonly labelled the *developed world* might be left with the notion that the CA is only for those countries of interest, which, in the common perception, are *developing*, that is, the developing world. However, in contrast to what is outlined above, the CA is actually a much *broader* normative framework, that not only evaluates development, but social arrangements and individual well-being *at large*, and that can be used to evaluate the design of proposals and policies about social change in any given society (Sen, 1992). In this sense, it is a *universal* framework of interest for every human being, that operates on both the micro- and macrolevel, and which can be applied in a wide range of fields inside and outside the academia. As of this, it has been used to evaluate a variety of aspects of “well-being” broadly defined, most prominently inequality, poverty and individual well-being, both, in affluent societies of the so-called developed world, and in societies of developing countries. It is of this that one will find abstract philosophical writings and empirical applications of the framework in such varying fields as the social sciences and social policy, political studies and philosophy, development and economic thinking, in the latter case most prominently in the field of welfare and heterodox economy, yet it can also serve as an alternative evaluative tool for more practical social cost-benefit analyses of policies of government and non-government actors (Robeyns, 2003a: 5)<sup>35/36</sup>.

I have chosen to quote Sen from the preface of his *Development as Freedom* in order to introduce the reader to the CA, because the book is Sen’s to date most wieldy

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<sup>35</sup>As Robeyns point out, the concept has actually been discussed in the fields of social choice theory, mainstream welfare economics, heterodox economics, liberal egalitarianism, moral philosophy, development ethics, development economics, social and political theory, education, gender studies, theology, and so forth (2003a: 1).

<sup>36</sup> It should also allude to the necessity to scrutinise one’s own capability aspirations and values in regard to possible detrimental effects on third parties (no matter who this person is or where she is living). This is, because in the globalised and intertwined world of the 21<sup>st</sup> century domestic actions can cause immediate global consequences.

read one, in which he synthesizes previous works, and that is actually intended to provide the reader with a somewhat introduction into his proposition (having said this, the book should not be read with the intention to find a formula or algorithm to carry out empirical exercises in welfare comparisons. It should be rather read as a critique of the prevailing evaluative exercises, such as welfarism and Rawlsian theories, and as a delineation of Sen's normative thinking (Robeyns, 2003a)). I hope that this example and subsequent clarification serves well to highlight the danger of misreading the concept, and to alert the reader of the pitfalls of selective reading.

### **3.2.2 Traditional evaluative frameworks of poverty and social arrangements - a critique**

The CA departs from a critical notion regarding the traditional evaluative frameworks in development analysis, namely the economic concentration on income and wealth, and the utilitarian focus on mental satisfaction, such as desire-fulfilment, pleasure and happiness (Sen, 1999: 19; Clark, 2008: 22). The rejection of income, consumption or wealth as proxies for human flourishing is basically rooted in the notion that people differ in their capacity to *convert* income and commodities into valuable achievements. Sen's notion of economic growth and the expansion of goods and services is in line with Aristotle, namely that "...wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else" (Sen, 1990: 44). Departing from this understanding Sen assigns economic growth an important *instrumental* role in his framework, however is also limiting it to this. This chapter will greatly deal with this notion, especially when the role of freedom in the CA is discussed.

As in regard to utilitarianism as the second traditional proxy for individual well-being, defined in its classical form by Jeremy Bentham (1789) as pleasure, happiness or desire (thus mental)-fulfilments, it has to be stated however that this is a discussion of greater difficulty among proponents of human development. Subjective/ psychological well-being and happiness analyses have established themselves as academic branches with vigour<sup>37</sup>, and the innate criticism it attracts can be directed partly towards aspects of the CA. As a proponent of the CA and the Q-squared research process, with a strong participatory element, this discussion is of particular difficulty.

To start the discussion it is worth highlighting the merits of utilitarianism. As Sen points out it is due to utilitarian approaches that ends/ results of social arrangements are of evaluative concern, as opposed to means, such as income. The second merit is that the approach is people-centred, concerned with well-being of people as subjects, as opposed to objects. The approach requires to focus on (and to listen to) people and their life-situations, as opposed to assume that humans are homogenous in converting means into ends (Sen, 1999: 60). However, utilitarianism has its inherent flaws which unfold in three main spaces:

1. Distributional indifference: happiness tends to be measured in total sums, and thus ignores the often unequal distribution of utility. As the CA is greatly concerned with equality (though should not be confused with a full theory of justice), and is departing from an ethical individualist position, this is a point of great concern from a CA perspective (to be further discussed in chapter 4/Part I).
2. Neglect of rights, freedoms and other non-utility concerns: Individual well-being and social arrangements are characterised by actions and claims which actually

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<sup>37</sup> The Oxford Poverty and Human Development Initiative (OPHI) actually identified 4 dimensions of missing data on poverty (employment, empowerment, physical safety and the ability to go about without shame), with psychological and subjective well-being identified as another one, which, despite not necessarily being considered a dimension of poverty, is nevertheless thought of important for poverty analysis purposes ([http 3](http://3))

exceed utility satisfaction. The CA responds to this problem by distinguishing agency freedom/ achievement and well-being freedom/ achievement (to be further discussed in this chapter).

3. Adaptation and mental conditioning: ~ can sway the subjective assessment of a person's well-being. The adaptation argument states that people tend to adapt to poverty and deprivation of the sheer necessity of survival. As of this they learn to suppress their wants, hopes and aspirations. They adjust to their living situation and cannot bring up the courage to demand any change, as of fear of physical ramifications or mental disappointments and disillusionments. For Sen “(t)he mental metric of pleasure or desire is just too malleable to be a firm guide to deprivation and disadvantage” (Sen, 1999: 63)

This thesis will argue that Amartya Sen's CA is in a position to respond to the shortcomings of both, income-based evaluations and utilitarianism. As in regard to the utilitarian critique, the CA can adequately respond to the problems one and two, though it is problem three where it partly struggles. This discussion will be picked up in chapter 4/Part I, when the reader is more familiar with the core concept of the CA. As for now, the paper continues to analyse the foundational roots of the framework.

### **3.2.3 CA - tracing the roots**

The human development and capability approach is developing gradually from a mere academic notion into a legitimate school of thought. This rests partly on the strong philosophical roots of it, which reach back as far as Aristotle, Adam Smith (1776), Karl Marx (1844), and more contemporary, Isaiah Berlin (1958) and John Rawls (1971). It is also interlinked to the BNA to development (Paul Streeten et al. (1981)), which in the

late 1970s and 1980s severely challenged purely economic notions of poverty, and in this way contributed to the development of the Human Development Reports from the 1990s onwards.

As in the previous sub-point mentioned, Sen and Aristotle expert Nussbaum found philosophical justifications for their critique on traditional welfare economics in the writings of Aristotle (*The Nicomachean Ethics and Politics*). Aristotle's theory of *political distribution* and his analysis of *eudaimonia* ('human flourishing'), have greatly influenced the conceptualisation of the CA (Nussbaum, 1988; 1990 in Clark, 2006: 1). Precisely the notion of *functionings* has Aristotelian roots (Sen, 1999: 75), as his account of the human good was linked to the necessity to "first ascertain the function of man" and then proceeded to explore "life in the sense of activity" as the basic block of normative analysis" (Sen, 1999: 73).

Exceeding Aristotle, the economist Sen was also engaged with the writings of Adam Smith and his concern with such capability to function as "the ability to appear in public without shame" (Smith, 1776: volume 2, book 5, chapter 2). Smith's analysis of society- specific *necessities* has been fundamental for the CA. For Smith, necessities are not only the "commodities which are indispensably necessary for the support of life, but what ever the customs of the country renders it indecent for creditable people, even the lowest order to be without" (Smith, 1776 in Sen, 1999: 74). Thus, "appearing in public without shame may require more expensive clothing in a richer country than in a poorer one" (Smith, 1776: 351-352 in Schischka, 2002: 10). This notion let Foster and Sen conclude that

relative deprivation in terms of incomes can yield absolute deprivation in terms of capabilities. Being relatively poor in a rich country can be capability handicap, even when one's absolute income is high by world standards. In a generally opulent country, more income is needed to buy enough commodities to achieve the same social functioning (1997: 212-213).

*Post hoc ergo propter hoc*, the focus of analysis has to be “on the freedoms generated by commodities, rather than on the commodities seen on their own” (Sen, 1999: 74).

Another source of inspiration has been Karl Marx’s (1844) concern with human freedom and emancipation (Sen, 1999: 29). Marx distinction between the *formal freedom* of the worker under capitalism and the *real unfreedom* of workers in pre-capitalist systems has been distinct for the analysis of bonded labour, which is common in many developing countries: “the freedom of workers to change employers makes him free in a way not found in earlier modes of production” (Marx as quoted in Ramachandran, 1990:1-2). For Sen it has been precisely this notion in Marxian analysis which “has tended to have an affinity with libertarian concentration on freedom” (1999: 29).

Sen’s notion of the importance of freedom has been further shaped by Isaiah Berlin’s (1958) differentiation between positive and negative liberty, which, due to its importance, will enjoy a more detailed discussion in subpoint 3.4.1 of this chapter.

Aside of these influences, which shaped the CA in regard to freedom, human flourishing and necessities, it has been John Rawls’ 1971 *Theory of Justice* which impacted on the development of the CA, especially in regard to its justice demand in the capability space. Rawls’ proposal to require equality in the space of *primary goods*, which comprise “rights, liberties and opportunities, income and wealth, and the social bases of self-respect” (Rawl, 1971: 60-65), has been praised by Sen for the fact that it widens the *informational focus* from incomes to primary goods, as well as for the acknowledgement of human heterogeneity and individual responsibility (1999: 72). However, Sen criticised the equality demand in the primary goods space from the same angle as he criticised income based approaches to development or poverty reduction;

which is that people differ in their capacity to convert income and commodities into valuable achievements. He agrees that justice and equality demands are basic elements of nearly any study on (vertical) stratified social arrangements, in which the poor are always those at the bottom (how could the poor be lifted above a horizontal (poverty) line without a justice and equality component?). However, contrarily to Rawls, he considers any *equity* postulate only reasonable within the capability space (Sen, 1996b, in Alkire, 2005: 122); this is as of the varying conversion capacities of individuals, but also as of the unresolved problem in the liberal egalitarian literature of preferences and fairness, to be discussed in chapter 4/Part I.

Discussing the roots of the CA it becomes apparent that this framework has much in common analytically with the BNA, which “was concerned with providing all human beings, but particularly the poor and deprived, with the opportunities for a full life” (Streeten et al., 1981: 21). The BNA departed from the same notion as the CA that per capita income analysis is insufficient, as it excludes distributional disparities. Hence, an increase in income will not necessarily increase welfare, neither is it sufficient to attain basic necessities. However, there is a distinct difference between the BNA and the CA, which is that the latter extends “beyond the analysis of poverty and deprivation and often concerns itself with well-being generally” (Clark, 2006: 3). It has been indeed a problem of the BNA that the needs are “often reduced to a commodity approach with an emphasis on bringing individuals up to a certain minimal level of needs satisfaction” (Schischka, 2002: 3), though not beyond.

Another important function (achievement) of the CA has been “to make *explicit* some *implicit* assumptions in the BNA about the value of choice and participation (and the disvalue of coercion)” (Alkire, 2002: 170). Thus, the CA’s stressing of freedom and agency does not only result in a somewhat more positive language (the poor are



“unfree” as opposed to “needy”); it also means it analytically incorporates the BNA within its skeleton. Therefore, it is “now widely recognised that the CA manages to bring together many of the concerns of basic needs theorists (originally expressed in a rather ad-hoc manner) into a single coherent philosophical framework” (Clark, 2006: 3).

### 3.2.4 Locating the CA into a school of thought

As of the philosophical roots outlined above, the CA can be placed into the political school of thought of *critical liberalism* (to be discussed in chapter 4/Part I), and the economic tradition of heterodox economics<sup>38</sup> (such as post-Keynesian, Neo-Ricardian, Austrian, Marxian, Feminist, Evolutionary and (Old) institutionalist traditions (Martins, 2006: 1). It therefore dissociates itself from mainstream and neoclassical economics (Martins, 2006: 5).

This economic assessment by Martins seems justified for various reasons; the philosophical foundation of the CA, with Smith and Marx, actually predates 20<sup>th</sup> century mainstream and neoclassical economics and with it the latter’s epistemological tool of logical positivism<sup>39</sup>. Additionally, the neoclassical postulation of *optimisation* and of *complete preference orderings* are antidromic to Sen’s liberal understanding of the heterogeneities of human beings and actions, his critique on rationality (2002)<sup>40</sup>, and his general distinguishing between well-being and agency (to be discussed in 3.6/Part I). This is not to state that Sen doesn’t recognise the positive effects of the market system

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<sup>38</sup> Heterodox economics is a label of economic traditions which share some common features, most importantly its opposition to mainstream and neoclassical economics. However, this tradition is in turn characterised by a great deal of internal pluralism (Martins, 2006).

<sup>39</sup> This being said, heterodox economists do not reject mathematical methods to model human behaviour (which is characteristic for logical positivism), though regards it a tool among others. This is opposed to the omni importance mathematical methods are assigned to in the neoclassical tradition (Martins, 2006).

<sup>40</sup> For Sen, rationality is viewed as a power each individual possesses (and does not continuously exercise), of subjecting goals and values to reasoned scrutiny. Therefore, rationality doesn’t mean to obey to complete preference orderings (as found in neoclassical and mainstream economics), but that moral imperatives, conventional rule-following and social commitments (thus, goals, values and preferences) can be questioned (Sen, 2002; Martins, 2006: 4).

to generate fast economic growth and expansion of living standards (1999: 26). In fact he argues that this can be hampered by policies that restrict market opportunities, for instance through arbitrary controls, which constitutes a source of unfreedom in itself (1999: 25). However, his fine notion of the market system is in line with Adam Smith, which is that markets can be at times counterproductive and in need for control (especially in regard to the financial market) (1999: 26). As he is additionally a strong supporter of social safety nets and public programmes<sup>41</sup>, it is fair to place the CA in the economic tradition of heterodox economics.

Due to the limited scope of this chapter the above analysis of the CA's philosophical roots and its place as a school of thought within political and economic studies will be kept rather short. Readers interested in these discussions can consult further with Sen and Nussbaum's well-established critiques on welfare, mainstream and neoclassical economics. The analysis will further continue with the presentation of Sen's CA.

### **3.2.5 In a nutshell**

The CA as a framework convinces through its holistic understanding of the various interconnections of instruments for the overall advancement of human development, as superbly outlined by Robeyns:

The capability approach evaluates policies according to their impact on people's capabilities. It asks whether people are being healthy, and whether the means or resources necessary for this capability are present, such as clean water, access to doctors, protection from infections and diseases, and basic knowledge on health issues. It asks whether people

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<sup>41</sup> Among Sen's early works on the CA he focussed on entitlements, which he distinguished between production and exchange entitlements (Sen, 1981; Sen and Dreze, 1989; Sen, 1990). Production entitlements come from how a person produces goods and services, while exchange entitlements are rights to control other commodities based on the ability to trade for them, to be conducted in the monetary and non-monetary sector. He concludes that traditions, customs, laws and welfare transfers, thus context specific individualities, add to or diminish entitlements. Thus, institutional factors, such as national laws and social policies, are equally important in influencing entitlements as economic ones.

are well-nourished, and whether the conditions for this capability, such as having sufficient food supplies and food entitlements, are being met. It asks whether people have access to a high-quality educational system, to real political participation, to community activities that support them to cope with struggles in daily life and that foster real friendships. For some of these capabilities, the main input will be financial resources and economic production, but for others it can also be political practices and institutions, such as the effective guaranteeing and protection of freedom of thought, political participation, social or cultural practices, social structures, social institutions, public goods, social norms, traditions and habits. The capability approach thus covers all dimensions of human well-being. Development, well-being, and justice are regarded in a comprehensive and integrated manner, and much attention is paid to the links between material, mental and social well-being, or to the economic, social, political and cultural dimensions of life (2005a: 95-96).

### **3.3 The core concept**

The CA encompasses three central concepts and four key principles. The major constituents of the CA are capabilities, functionings and agency. The key principles are equity, efficiency, participation/ empowerment and sustainability (Alkire and Deneulin, 2009b: ch. 2). The CA is multidimensional, that departs from the notion that an achievement in one valued functioning, for instance health, will affect the capability to achieve a functioning of another value, such as education. In order to enhance the overall individual well-being *holistically* it is thus crucial to focus on the major constituent of capabilities, namely freedom. Freedom, understood as positive liberty, needs to be distinguished in its plurality between those kinds of instrumental and intrinsic value, which are tangled and interconnected, and sometimes interchangeable, and between aspects of processes and opportunities. In the following the key concepts of the CA will be presented.

#### **3.3.1 Functioning**

Functionings are “the various things a person may value doing or being” (Sen, 1999: 75). Functionings can vary from being pretty elementary, such as being

adequately nourished, clothed, literate, among others, to those of great complexity, such as having self-respect, taking part in political discussions, or being able to play the guitar or to travel. Fostering friendships, enjoying inner-peace or walk around without shame, *inter alia*, are further functionings considered important for a person's life, and should not be undervalued in an evaluative or measuring exercise, as Alkire points out:

If an 'evaluation' only takes into account the reading level and income or employment rates generated by a literacy program, the participants may point out that such an 'evaluation' does not adequately capture their experience in which cultural or language-based or relational functionings that they deeply valued expanded (or contracted) (2005: 119).

Functionings are thus valuable *plural* activities and states of being that *in sum*, thus holistically, make up the well-being of the individual. Fully developed, a person's quality of life comprises everything this person values, from knowledge to relationships to employment opportunities and inner peace, to self-confidence and various activities considered important doing and enjoying. None of the functionings valued will ever be ruled out *a priori* as entirely irrelevant or unimportant. However, in the bewilderments of life value judgements in any given situation are allowed and often necessary, yet should be done with caution and determined through public debate.

Achieved functioning levels, doings and beings a person can enjoy, are however dependent on the *freedom* this person is exposed to. Freedom and functionings combined constitute capabilities. Both, capabilities and freedoms, as well as the concept of agency, will be subsequently presented and discussed.

### **3.3.2 Capability**

A capability is defined as the "various combinations of functionings (beings and doings) that the person *can* achieve. Capability is, thus, a set of vectors of functionings, reflecting the person's freedom to lead one type of life or another... to choose from

possible livings”<sup>42</sup> (Sen, 1992: 40 in Alkire, 2003: 3). A person’s functionings and the person’s capability to function, although closely related, differ quite distinctively:

A functioning is an achievement, whereas a capability is the ability to achieve. Functionings are, in a sense, more directly related to living conditions, since they *are* different aspects of living conditions. Capabilities, in contrast, are notions of freedom, in the positive sense: what real opportunities you have regarding the life you may lead (Sen 1987: 36 in Robeyns, 2003a: 11).

To illustrate the difference between the two concepts Sen uses the example of the affluent person who chooses to fast and the destitute person who is forced to starve. While both lacks the achieved functioning of being well-nourished, it is the former who has the capability to achieve this functioning, something the latter is deprived of (1999: 75).

### **3.3.3 Agency**

The third key concept relates to the individual itself. Sen departs from the notion that greater freedom at an individual’s disposal will “enhance the ability of people to help themselves and also to influence the world, and that these matters are central to the process of development” (1999: 18). He calls this the “agency aspect” of the individual, understood in the classical sense as “someone who acts and brings about change, and whose achievements can be judged in terms of her own values and objectives, whether or not we assess them in terms of some external criteria as well” (1999: 19). This is not to be confused with the use of the term in the literature of economics or game theory, in which the agent is often understood as a person who is acting on someone else’s behalf, and whose achievements are hence to be assessed against the goals of this other person (1999: 18-19).

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<sup>42</sup> Italics added for emphasis

### **3.3.4 Freedom**

Freedom, when used to express an objective, as in the phrase *Development as Freedom*, is in Sen's notion an "irreducibly plural concept" (2002: 585). Freedoms need to be distinguished between those of intrinsic and instrumental value, and kinds or aspects that relate to processes and opportunities. *Process freedom* relates to "freedom of action and decisions" (Sen, 1999: 17), while *opportunity freedom* relates to the real opportunities that are available to people in order to achieve valued outcomes (Alkire, 2009a: 3). In order to achieve a functioning, it is eminent to *process* or *convert* real opportunities. Conversion factors, as shall be seen, are those of personal, social and environmental character, which *differ* among individuals. Process freedom is thus related to agency and other procedural considerations, while opportunity freedom relates more directly to capabilities or opportunities externally provided.

### **3.3.5 Real opportunities – Commodities and beyond**

Commodities are goods and services that are usually considered necessary for human development. However, they have to, as previously stated, been thought of as mere *means* to achieve, rather than ends in themselves. "Commodity access" functions as an "input" in the creation or expansion of capabilities. This should be considered one real opportunity in a person's opportunity set, which excludes the notion that it is the *only* means or real opportunity necessary to function.

Further, they should not necessarily be thought of as exchangeable for money or income alone, because this would restrict the CA to analyses, evaluations and measurements in market-based economies alone, which is not intended and which would inadequately represent the living conditions in many developing countries.

Commodity exchanges are often taking place in the non-monetary/ non-market economy, and the CA is taking account of this situation (Robeyns, 2005a: 98-99).

Further, Sen understands commodities, as previously stated, in the same line of argumentation of Aristotle, namely that "...wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else" (Sen, 1990: 44 in Clark, 2006: 3). For example, a book itself as an object or good is uninteresting and irrelevant for a person, as it is merely a bundle of pages usually fastened together to hinge at one side<sup>43</sup>. Only when a person is able to read the book it becomes useful and interesting, because it enables a functioning, which is education, an achievement of both, instrumental and intrinsic importance<sup>44</sup>.

The interrelation between commodities (incomes and goods and services) and an achieved valuable functioning is influenced by three (main) groups of *conversion factors* (Robeyns, 2003a: 12-13; Sen, 1999: 70-71):

1. Personal conversion factors (personal heterogeneities): ~ have an influence on how a person can convert the commodity into a functioning. These comprise metabolism, physical and psychological condition, sex, intelligence, reading skills, *inter alia*. A person's ability to read will greatly influence her conversion ability to achieve the functioning of education.
2. Social conversion factors: ~ comprise social norms, customs and conventions, societal hierarchies, status and class, gender roles, public policies, discriminating practices, power relations, *inter alia*. The usefulness of a book for instance is greatly affected by discriminating practices regarding education

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<sup>43</sup> This is aside of the fact that it gave employment to the author of the book and to a whole industry living from printing and selling.

<sup>44</sup> Commodities comprise technically goods *and* services, such as health care, sanitation and education. While this is indeed an option, in empirical situations budgetary cuts in the public sector are relatively common though, especially during economic slowdowns. Basically, policies tend to concentrate on the expansion of goods, rather than services indeed (Stiglitz, 2002).

in a given society. In societies in which women are deprived of their right to education a book is deprived of its purpose.

3. Environmental conversion factors (environmental diversities): ~ comprise infrastructure, climatic conditions (temperature ranges, flooding, rainfall, pollution, and so on), public goods and facilities, institutions, the presence of infectious diseases, heating and clothing requirements, *inter alia* (Robeyns, 2003a: 12-13; Sen, 1999: 70-71)

Sen distinguished further two factors which are to be located on the borderline between personal and social conversion factors (Sen, 1999: 71). These are:

4. Differences in relational perspectives: Commodity requirements of established patterns of *individual* behaviour may vary between the various conventions and customs of any given community at hand. For instance, a person who is relatively poor in an affluent community can be deprived from achieving some elementary functionings, such as taking part in the life of the community, even though her commodity disposal, in absolute terms, may be higher than the level of commodities with which members of poorer communities can achieve functionings of value with greater ease and success: “to be able to “appear in public without shame” may require higher standards of clothing and other visible consumption in a richer society than in poorer one” (Sen, 1999: 71)<sup>45</sup>. The same may apply for the ability to achieve *self-respect*. This particular factor is primarily an intersociatal, rather an interindividual one; however, both are too interlinked to conduct a clear separation (Sen, 1999: 71).
5. Distribution within the family: Incomes earned by one or more family members are usually shared by the entire family, meaning the family as a whole becomes

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<sup>45</sup> As already worked out by Smith (1776: 351-352, in Schischka, 2002: 10)



the basic unit for analytical consideration regarding income as the main poverty indicator. However, unequal distribution rules within the family may prevent individual members to achieve their chosen well-being and freedom (Sen, 1999: 71). Although this factor belongs predominantly into the social conversion category, it is greatly influenced by personal heterogeneities, and thus has to be categorised within the grey zone between those two factors. This point is also of special importance in regard to the criticism the CA attracts that the framework is too individualistic, a point discussed in detail in Chapter 4.5/Part I.

Knowing the goods a person possesses or can use is, from the factors outlined above, not a sufficient informational base to know which functionings a person can achieve. Commodity demand as an evaluative base for well-being comparisons is thus at best limited, and at worst misleading as base for policy prescriptions. To provide another example of Sen (1999), consider giving the same amount of rice to all people of a given analytical unit regardless of the physical condition of the people in it. A child, teenager, adult or elderly person will convert the calorie intake very differently in regard to achieving the function of being well-nourished. They will process this real opportunity into outcomes very distinct. The amount of rice in this example should be considered a real opportunity; however, further means are necessary to achieve the end of being well-nourished. This may comprise increasing the amount of rice intake for some, supplementing the diet with other nourishment (for others); provide training seminars to teach how to preserve the nutritious substances in the processing of food, *inter alia*. This opportunity freedom depends of course greatly on the process freedom of the agent in order to finally achieve the functioning. But as this short example aimed to show, policies which merely aim to equalize resources could disadvantage certain

people quite significantly. Arguing from this angle Sen questions Rawl's proposal to require equality in the space of primary goods (Alkire, 2002: 5). The informational base needs thus to be broadened to take greater account of the person herself and the circumstances in which s/he is living. I will critique the official unidimensional poverty measure in Mozambique (with its focus on "caloric intake") from the same line of argumentation in chapter 2/Part II.

Also, many more complex social functionings, such as entertaining friends and family or appearing in public without shame, require more comprehensive means than mere commodities at ones disposal, such as social institutions and norms broadly defined. Thus, the conversion factors themselves, most dominantly the socio-environmental characteristics, are important real opportunities and hence *means* to achieve. They supplement commodity access/ demand (and other freedoms, to be outlined) as real opportunity freedoms, to be processed by the agent herself, and the choices being taken from this capability set are in turn greatly influenced by these socio-environmental circumstances and mental conditioning of the individual herself (personal history and psychology, preference formation mechanisms, among others). As Robeyns formulates it:

The capability approach not only advocates on evaluation of people's capability set's, but insists also that we need to scrutinize the context in which economic production and social interactions take place, and whether the circumstances in which people choose from their opportunity sets (process freedom)<sup>46</sup> are enabling and just (2005a: 99).

### **3.3.6 A closer look at functionings and capabilities**

All formulations of capabilities, as outlined in its definition, have two decisive aspects: freedom (possibility to achieve) *and* functionings (valuable beings and doings). Accounts which do not understand capabilities in this way misinterpret Sen's idea

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<sup>46</sup> added for clarification

(Alkire, 2005: 118). The necessity to keep both parts in sight becomes apparent when analysing the CA as a proposition. The CA is a proposition that states “that social arrangements should be (...) evaluated according to the extent of *freedom* people have to promote or achieve functionings they value” (Alkire, 2005: 117). In an evaluative or measuring exercise it is thus apparent that freedom needs normatively to be emphasised *prior* to functionings, as it specifically takes account of people as empowered agents well able to process or convert real opportunities at their disposal into beings and doings they value. Capabilities are thus a kind of opportunity freedom, real/ actual possibilities, which allows a person to pick or choose one life out of the variety of different life paths and activities *possible*. It might thus best to think of a functioning as an n-tuple or vector, a *point* of achieved functioning combinations, one possible life-style of multidimensional achievements. Capabilities on the other hand can be thought of as a *set* or *space* of various “attainable (n) functioning n-tuples or vectors a person can achieve”, a person’s multiple set of possible life styles s/he has the freedom to choose from (Clark, 2006: 4).

### **3.3.7 An illustrative example**

It might be worth giving another example of how the various concepts are tucked together. Let’s assume a person may value the more complex functioning of becoming a pilot for living. It becomes apparent that the capability involves being able to fly an airplane. Given the opportunity to have access to an airplane is an important precondition for this endeavour, however it does not mean the person is actually capable of flying it. Having access to an airplane, the resource, constituting a necessary opportunity certainly, cannot be considered albeit a sufficient opportunity, as the person would also need the socio-environmental conversion factors necessary to convert this

opportunity into a real or sufficient opportunity. This comprises sufficient training, funding to attend the training on a full time basis, social norms allowing the person to enjoy the training, and so forth. Access to the resource *and* the socio-environmental characteristics necessary to make use of the resource constitutes, in fact, a real/sufficient opportunity.

As a proposition, the CA would aim to provide the person with this real opportunity freedom, trusting that the person will process this possibility at her disposal into an achievement. In order to process this real opportunity into a functioning the person needs to be of an advanced cognitive level, in other words the person needs to have an already advanced knowledge of maths, physics, geography, has to have a technical understanding, among others. Furthermore, the person needs to be in a healthy physical and mental condition, needs to possess a healthy level of self-confidence, self-respect, and an advanced sense of responsibility.

The basic assumption of the CA is that a person who values to achieve such an advanced functioning can be trusted as in this regard that s/he only values this functioning because she considers her own personal constitution sufficient to actually achieve what she set out for herself as valuable, even though in the end it might turn out that the person had overestimated her own personal characteristics in order to process the real opportunity freedom, and fails the pilot exam. In this regard capability sets are generally thought of being oriented in regard to what is feasible, as opposed to what might be theoretically or legally possible.

In this sense, the CA is very liberal, a point further discussed in Chapter 4.1/Part I. Flying an airplane is a complex capability, and in this example the evaluative focus would certainly be on the real opportunity provision for the agent to process this kind of freedom. With the high amount of responsibility involved, it is almost unthinkable to

focus on the agent herself. A mentally disabled person, which might value to fly an airplane, would regardless of real opportunities provided still not be able (thus capable) to process the real opportunities into a functioning, of being a responsible pilot for a living. It is hence always important to think of capabilities as both, real opportunities and the agent. There are certainly situations in which the evaluative focus will also be on the person, especially when vulnerability of the agent is an issue, for which examples shall be provided. However, the CA departs from the notion that each person, if provided with real opportunity freedom, is an active, strong and somewhat *responsible* agent of one's own destiny, regardless of how naive this may sound to critics.

Let's assume the person achieves the capability of flying. This doesn't necessarily mean that the person will get a job as a pilot (the achieved functioning), prevented possibly by socio-environmental conditions, such as limited demand on the job market. However, what one can certainly assume is that the capability of flying will contribute to the person's happiness or desire-fulfilment, regardless whether the functioning is actually achieved or not (assumed that the unemployment status is only temporarily). Hence, the CA actually comprises four analytical steps, namely commodities, capabilities, functionings and utility, but it becomes apparent that the evaluative emphasis is (normatively) on capabilities, comprising freedoms and functionings.

This example hopefully helped to illustrate some of the abstract reasoning of the CA, especially in regard how value judgements and evaluations need to be conducted in light of the context and circumstances. For simplification reasons, the example was two-dimensional, that is, it only focused on one complex functioning (being a pilot), and not on one vector of achieved functionings (the life of the pilot as a whole). In order to do so, we need to have a more profound understanding of the concept of freedom in

general, interrelations of various instrumental freedoms in more detail, the role of the agent in regards to well-being, control and individual advantage, and the separation of capabilities into various subcategories.

### **3.4 A closer look at freedom**

Poverty, in the most stripped down understanding of the CA, has to be seen as unfreedom. Several clarifications are necessary to frame the idea of freedom as constituent of human development. Freedom has, as already outlined, two aspects, which is opportunity and process. Poverty as unfreedom certainly relates to the notion of opportunity freedom, rather than process freedom, although both taken together are important for the comprehension of the capability set (this, as shall be seen, is an important difference to Martha Nussbaum's version of the CA).

#### **3.4.1 Freedom – negative vis-à-vis positive liberty**

Secondly, freedom needs to be separated into notions of negative vis-à-vis positive liberty, as firstly outlined in Isaiah Berlin's classic essay "Two Concepts of Liberty" (1958). Freedom in Sen's understanding is certainly broader framed than the mere absence of restraint or compulsion (negative freedom). Freedom is understood as a positive force or capacity to achieve certain ends worth of doing or enjoying. Positive freedom (as in the notion of pro-action or an active citizenry), is thus a crucial feature in the notion of capabilities, especially in regard to agency and process freedom, as shall be seen. This doesn't exclude howbeit "the special significance of negative freedom" for the CA (Sen, 1992: 87 in Clark, 2006: 9). In fact, capability failure, comprising the absence of both, real opportunity and process freedom, can stem from violation of

personal rights *as well as* the absence of positive freedoms (Sen, 1985a: lecture 3 in Clark, 2006: 9).

### **3.4.2 Freedom as a universal human right**

Thirdly, human freedom as itself has an *intrinsic* value across classes and cultures, as outlined in the Universal Declaration of Human Rights, the most translated and thus universal document in the world<sup>47</sup> (Guinness Book of Records):

Article 1: All human beings are born *free* and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood (italics added for emphasis).

Sen departs from this notion when he states that “the ‘good life’ is partly a life of genuine choice and not one in which the person is forced into a particular life – however rich it might be in other respects” (1996a: 59 in Alkire, 2003: 6). Focussing on achieved functionings alone is thus incomplete for the assessment of human development, because it does not necessarily incorporate the freedom to decide which life path to take, or the freedom to bring about achievements one considers to be valuable, regardless of whether these are interconnected to one’s own well-being or not, a point further discussed in the analysis of agency and well-being in 3.6/Part I. That freedom is valued for its intrinsic or constitutive value even among the most deprived in material terms is hardly in denial, as it touches the universal core of every human being.

### **3.4.3 Freedom - Constitutive and Instrumental Roles**

Another crucial distinction in Sen’s understanding of freedom relates to the various roles freedoms can have. While he views the expansion of freedom as both, the primary end and the principal means of development, it is only ends which have

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<sup>47</sup> The UDHR has been translated into more than 300 languages and dialects (http 4)

intrinsic importance, whereas means only hold instrumental significance. There are thus two roles of freedom in development, those of *constitutive* kinds (“constitutive role”, the primary end) and those of *instrumental* kinds (“instrumental role”, the principal means). The constitutive role of freedom relates “to the importance of *substantive* freedom in enriching human life” (italics added for emphasis) (Sen, 1999: 36), which include

elementary capabilities like being able to avoid such deprivations as starvation, undernourishment, escapable morbidity and premature mortality, as well as freedoms that are associated with being literate and numerate, enjoying political participation and uncensored speech and so on (Sen, 1999: 36).

In other words, the expansion of basic human freedoms, instrumental freedoms of substantial kind, enhances the intrinsic value of human freedom, the basic objective and analytical unit of development. The removal of these substantial unfreedoms is constitutive of development, that is, freedom has the power to establish, appoint, or enact development. Yet, once again one needs to be careful with terminologies: if one is talking about human freedoms as capabilities or basic capabilities depends very much on the evaluative issue at hand. Sen himself is eager to point out the importance “to recognise that the use of the capability approach is not confined to basic capabilities only” (1993: 41). The various forms capabilities can have will be discussed in subpoint 3.5/Part I.

To view development as freedom will ultimately alter development analysis. Certain aspects of the human life, such as political participation and dissent, if analysed from an utilitarian perspective or from a GNP growth or industrialization angle, are sometimes, if not often, questioned in regard to their usefulness for development. Judging from a freedom understanding of development, this question seems “to be defectively formulated, since it misses the crucial understanding that political



participation and dissent are *constitutive* parts of development itself” (Sen, 1999: 36). Even if a very wealthy person is prevented from speaking freely, or from participating in political or public debates or decision-making processes, it is a *deprived* person, as it wasn’t that person’s *choice* to avoid political participation or public speaking, and she would also be deprived even if she doesn’t show any real interest in exercising this particular (instrumental) freedom. She is deprived of something she has reason to value (a basic civil right), an intrinsic right or freedom every human being should enjoy. Axiomatically, there is no second opinion in this regard, or an exception to make. Even if a person is not aware of her basic civil rights or freedoms, they still have to be granted to that person. Development seen as the removal of unfreedoms cannot but address such deprivations, and so the wealthy person would still receive policy attention. This is a good example of how freedoms of instrumental importance can be of intrinsic significance in themselves, while exercising their assigned purpose of enhancing the overall intrinsic value of human freedom, as the objective of development. Others would be education, shelter and protection, health, *inter alia*, thus freedoms which certainly feed in each other, and so they reach their full potential best, jointly together (Sen, 1999).

This fundamental (and rather axiomatic) point is distinct from the *instrumental* argument and theorem that these various freedoms (and often rights) may additionally be very effective in contributing to economic growth. As Sen profoundly worked out, there is little evidence that backs for instance the claim that fewer political freedoms are to be favoured in order to promote (rapid) economic growth (a thesis sometimes been claimed and often called the *Lee thesis*, named after former Prime Minister Lee Kuan Yew of Singapore). However, as Sen empirically worked out:

More comprehensive intercountry comparisons have not provided any confirmation of this thesis, and there is little evidence that authoritarian

politics actually helps economic growth. Indeed, the empirical evidence very strongly suggests that economic growth is more a matter of friendlier economic climate than of a harsher political system (1999: 15-16).

Another empirical reason in favour of the promotion of political freedoms and civil rights relate to the security aspect deemed important to generate economic development. In fact, economic insecurity is quite often related to the lack of democratic liberties and rights, and even economic disasters and humanitarian catastrophes, such as famines, tend to occur only under authoritarian rule. As Sen writes:

Authoritarian rulers, who are themselves rarely affected by famines (or other economic calamities), tend to lack the *incentive* to take timely preventive measures. Democratic governments, in contrast, have to win elections and face public criticism, and have strong incentives to undertake measures to avert famines and other catastrophes. It is not surprising that no famine has ever taken place in the history of the world in a functioning democracy – be it economically rich (as in contemporary Western Europe or North America) or relatively poor (as in postindependence India, or Botswana, or Zimbabwe) (*Italics added for emphasis*) (1999: 16).

By looking at the occurrences of famines, in colonial territories governed by rulers from elsewhere (as in 19<sup>th</sup> century Ireland administered under British flag), in one-party states (as in China during 1958-1961), in military dictatorships (as in Ethiopia, Somalia or Burma) or in territories governed under dictatorial rule (as in Sudan or North Korea), Sen concludes that democratic pluralism has not only a strong instrumental importance to enhance human and economic development, but that it is also, as one constituting part of human development, a fundamental, thus intrinsic right, on its own (Sen, 1999: 16). Claiming political freedoms and civil rights do thus not need, from a normative standpoint, to be justified indirectly as instrumentally important, however, it eases the argumentation and justification to keep it in the policy focus at all

times (hence, during times of economic prosperity and political stability, but also, probably even more important, in absence of these):

Since political and civil freedoms are constitutive elements of human freedom, their denial is a handicap in itself. In examining the role of human rights in development, we have to take note of the constitutive as well as instrumental importance of civil rights and political freedoms (Sen, 1999: 17).

The above and other empirical evidences, combined with theoretical thinking and investigation, led Sen to the conclusion that the following five *instrumental* freedoms are crucial constituents, preconditions and accelerators of and for human and economic development (Sen, 1999: 38-40):

1. Political Freedoms: ~ broadly defined, comprise what are called civil rights and “refer to the opportunities that people have to determine who should govern and on what principles, and also include the possibility to scrutinize and criticize authorities, to have freedom of political expression and an uncensored press, to enjoy the freedom to choose between different parties, and so on. They include the political entitlements associated with democracies in the broadest sense” (Sen, 1999: 38).
2. Economic facilities: ~ “refer to the opportunities that individuals respectively enjoy to utilize economic resources for the purpose of consumption, or production, or exchange. The economic entitlements that a person has will depend on the resources owned or available for use as well as on conditions of exchange, such as relative prices and the working of the markets” (Sen, 1999: 39). The relationship between national income and wealth on the one hand and individual economic entitlements of the population on the other is greatly influenced by distributional and aggregative considerations.

3. Social opportunities: ~ “refer to the arrangements that society makes for education, health care and so on, which influence the individual’s substantive freedom to live better. These facilities are important not only for the conduct of private lives (...), but also for more effective participation in economic and political activities” (Sen, 1999: 39).
4. Transparency guarantees: ~ “deal with the need for openness that people can expect: the freedom to deal with one another under guarantees of disclosure and lucidity” (Sen, 1999: 39). As most societies operate on some basic presumption of trust, a violation of this, in form of lack of openness, can have serious adversely effects, not only on the direct parties involved, but also on third parties. Thus transparency guarantees aim to prevent “corruption, financial irresponsibility and underhand dealings” (Sen, 1999: 40).
5. Protective security: ~ aims to protect those people who are “on the verge of vulnerability” (Sen, 1999: 40) even under economic affluent times. The domain of protective security thus includes a fixed social safety net, “institutional arrangements such as unemployment benefits and statutory income supplements to the indigent and ad hoc arrangements such as famine relief or emergency public employment to generate income for destitutes” (Sen, 1999: 40).

Each of these distinct types of freedoms, consistent in form of rights, opportunities and entitlements, help to advance the general capability of a person. It is worth noting that this is not an exhaustive list of all effective freedoms considered necessary for the advancement of human freedom, however, Sen considers it helpful to narrow the focus on some particular policy issues that demand special attention (1999: 38). As much as each freedom is individually important, they reach their fullest

effectiveness *jointly together*. Public policy to foster substantive freedoms in general and human capabilities in particular can thus work “through the promotion of these distinct but interrelated instrumental freedoms” (Sen, 1999: 10).

In the following, some of the empirical linkages Sen has established over the years to support his claim will be named and discussed, such as those links he draws between public health care under support-led policies. As much as these illustrations will be sufficient in order to follow Sen’s line of argumentation, they are, in light of the substantial amount of empirical work Sen and other human development theorists (Anand, Foster, Ravallion, *inter alia*) have conducted, only of a rudimentary kind. The same applies to the even richer empirical account that discredits or criticises claims which favour a fiercer political and economic climate to foster (human) development, such as the *Lee thesis* (see also Stiglitz, 2002 for criticism). Hence, please be referred directly to Sen’s (and colleagues’) extensive empirical writings if interested in a more comprehensive account of evidences in favour of the five instrumental freedoms *for* human (and economic) development<sup>48</sup>.

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<sup>48</sup> It is worth recalling an incident of Sen’s early life in troublesome Dhaka, Bangladesh to help better understanding his powerful demand to perceive *freedom* as constitutive of development, and to follow his perception to understand the identified instrumental freedoms as a *working unit*: “I had to observe, as a young child, some of that mindless violence. One afternoon in Dhaka, a man came through the gate screaming pitifully and bleeding profusely. The wounded person, who had been knifed on the back, was a Muslim daily labourer, called Kader Mia. He had come for some work in a neighbouring house - for a tiny reward - and had been knifed on the street by some communal thugs in our largely Hindu area. As he was being taken to the hospital by my father, he went on saying that his wife had told him not to go into a hostile area during the communal riots. But he had to go out in search of work and earning because his family had nothing to eat. The penalty of that economic unfreedom turned out to be death, which occurred later on in the hospital. The experience was devastating for me, and suddenly made me aware of the dangers of narrowly defined identities, and also of the divisiveness that can lie buried in communitarian politics. It also alerted me to the remarkable fact that economic unfreedom, in the form of extreme poverty, can make a person a helpless prey in the violation of other kinds of freedom: Kader Mia need not have come to a hostile area in search of income in those troubled times if his family could have managed without it” (http 5).

### 3.4.4 Interconnections and complementarity of instrumental freedoms

The five instrumental freedoms are important on their own to enhance human freedom, but they reach their full potential only in a jointly effort. That is, because they interconnect and complement each other. While certain interconnections and complementarities are easier to understand and are also more widely accepted, such as the interconnection between education and political participation, or entitlements to economic transactions as an engine of economic growth (Sen, 1999: 40), others are lesser examined and more disputed, such as the connection between transparency guarantees/ social opportunities with economic growth. For instance, transparency guarantees in the financial sector have been for long disputed, yet the financial crisis of 2008/09, which had adverse effects especially on third parties (particularly in the global south), form a strong case in favour of regulations and transparency guarantees, in order to avoid financial irresponsible behaviour in the future.

Another connection under recognized is that between economic growth and state funding. While economic growth needs to be judged in light of its power to raise private incomes, it *also* has to be valued in regard to the expansion of social services, such as social safety nets, social insurances, active public interventions, among others (Sen, 1999: 40). That is, because social opportunities, including such services as health care, the development of a free press or public education, are significant contributors to economic development and, to a lesser degree recognised, to reductions in mortality rates.

In their book *Hunger and Public Action* (1989), Jean Drèze and Sen analysed various historical paths by which countries and communities achieved longevity (and in the wider sense an improved health status). They distinguished between two categories: those who have succeeded in increasing the length and quality of life *through* fast

economic growth, called *growth-mediated strategies* (e.g. Taiwan, South Korea), and those who have done so *without* economic growth, labelled *support-led strategies* (e.g. Brazil, pre-reform China, Gabon, Namibia, South Africa, Sri Lanka). While the success of the former depends mainly on the growth process being economically broad and wide-based, in which a strong employment orientation is demanded and the enhanced economic prosperity is utilised to equip relevant social services (health care, social security and education), the latter does not await an increase in per capita levels of real income, but works through a program of direct support to social arrangements (Sen, 1999: 46). Income poor countries can do this, as observed by the two authors, because of the lower relative costs:

A poor economy may *have* less money to spend on health care and education, but it also *needs* less money to spend to provide the same services, which would cost much more in richer countries (Drèze and Sen, 2002: 48)

Their observations have been somewhat supported by the analysis of the reduction of mortality in Great Britain in the 20<sup>th</sup> century. The steepest reduction of mortality and undernourishment actually appeared during the two World Wars, when the country adopted support-led strategies, to support programs for nutrition, health care and so on (Drèze and Sen, 2002: 50). During the Second World War also there has been a sharp decline in undernourishment and mortality:

It is, in fact, confirmed by detailed nutritional studies that during the Second World War, even though the per capita availability of food fell significantly in Britain, cases of undernourishment also *declined* sharply, and extreme undernourishment almost entirely disappeared. Mortality rates also went down sharply (except of course for war mortality itself) (Sen, 1999: 50).

Furthermore, these findings got also backed by statistical studies of intercountry comparisons carried out by Sudhir Anand and Martin Ravallion, who found that life expectancy does in fact correlate with GNP per head, but that the relationship works

mainly through the impact of GNP on the incomes of the poor specifically and the amount of public expenditure on health care particularly. According to the study, with poverty and public expenditure on health as explanatory variables on their own, the causal connection between life expectancy and GNP per head appears to vanish altogether (Anand and Ravallion, 1993 in Sen, 1999: 44)

Following this line of argumentation, a reduction in mortality rates will have significant spill-over effects on other areas of the human life as well. It will significantly help to reduce birth rates, which, in turn, will reinforce the influence of basic education on fertility behaviour. Both developments are desirable, in light of an increased world food scarcity and an alarming worldwide population increase (Sen, 1999: 41, 210).

The above illustrations exemplified the importance and *possibility* to invest in social programmes even in absence of economic growth. Of course, by no account do they suggest that economic growth *per se* wouldn't be purposeful for countries and nations, especially when judged against its influence on more complex capabilities considered desirable.

Additionally, Sen draws another important interconnection, namely that of enhancing economic growth *through* social opportunity, especially basic education. By referring to the example of Japan, he states that the country's economic development was "clearly much helped by the human resource development related to the social opportunities that were generated" (1999: 41). Similar causal connections could be observed in the so-called East Asian miracle<sup>49</sup>, which has been described by the World Bank as "achieving high economic growth with equity", due to a combination "of

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<sup>49</sup> Also called the high performing East Asian economies (HPAEs), the group comprising Hong Kong, Indonesia, Japan, Malaysia, the Republic of Korea, Singapore, Taiwan (Republic of China), and Thailand. Despite the 1997 economic crisis in Asia, a contemporary setback which actually got exploited by many neoliberal writers to harshly criticise the mix of state/ non-state actors as *crony capitalism*, it is nevertheless a success story, empirically proofed, of economic development through social opportunity expansions (Stiglitz, 2002).



fundamentally sound development policies, tailored interventions, and an unusually rapid accumulation of physical and human capital” (1993: 1). Both Japan, beginning with the Meiji era (1868-1911), and the Tiger states of East Asia, commencing in the second half of the 20<sup>th</sup> century, “went comparatively early for massive expansion of education, and later also health care, and this they did, in many cases, *before* they broke the restraints of general poverty (Sen, 1999: 41).

By way of conclusion, it is of these various interconnections, empirically and causal observed rather than theoretically presented, that Sen advocates for a policy focus on *all* five instrumental freedoms *at all times*, regardless of whether the economy of a country prospers or not. In this understanding, human development is not a luxury which comes *after* economic development has occurred, to the contrary, achieving the end of human development can be actively pursued even at times of low economic outputs. Going one step further, Sen even argues that investing in human development has the ability to enhance economic growth, as seen in Japan and the Tiger states of East Asia. As of the limitations of this chapter the analysis of Sen’s reasoning based on empiricism has to remain rather short. I can only stress the interested reader to consult with some of the empirical studies of Sen directly, to receive a more comprehensive understanding of his line of argumentation (please see the list of external readings in the bibliography).

### **3.5 What kind of Capabilities?**

Having outlined Sen’s reasons to focus on people’s capability sets in development practice, the discussion will continue with the question which capabilities ought to be considered of relevance. So far the analysis has focused very much on Sen’s notion of the CA, as he is not only the main architect and intellectual property holder of

it, but also because many considers his notion of the CA, this author included, to be of substantial advantage for the study of poverty than compared to some other authors working on the CA, foremost Martha Nussbaum. As she has closely cooperated with Sen in the development of the CA, she has achieved her valid place in any discussion of it. However, her very own understanding of the CA and her universal list of ten *central human functional capabilities* is very distinct from what Sen considers the CA to be, as a normative framework in development thinking. Whilst Martha Nussbaum's notion of the CA and *the list* will be discussed in chapter 4.9/Part I<sup>50</sup>, it is for now important, as the analysis approaches what exactly constitutes a capability, to draw attention to her work.

As previously stated, the removal of substantial unfreedoms in form of elementary or basic capabilities is constitutive of development for Sen. To differ between capabilities and basic capabilities in Sen's notion of the CA is thus intrinsically important. Basic capabilities are understood "as a subset of all capabilities; they refer to the freedom to do some basic things that are necessary for survival and to avoid or escape poverty" (Robeyns, 2003a: 18). In poverty analysis, we are thus very much concerned with these elementary capabilities, "not so much in ranking living standards, but in deciding on a cut-off point for the purpose of assessing poverty and deprivation" (Sen, 1987: 109 in Robeyns, 2003a: 18). Thus, the focus for the majority of people living in developing countries will be on basic capabilities, although, this depends on the evaluative issue at hand. Certainly, (advanced) capabilities can matter in poverty analysis, howbeit most often, elementary capability analysis will be sufficient in contexts of destitution.

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<sup>50</sup> The chapter will also discuss what to favour, Sen's notion of capability setting as a context specific exercise (which constitutes a deliberate incompleteness of the CA), or Nussbaum's endorsement of a fixed list.

This understanding of capabilities in Sen's writings is pretty basic/ two-dimensional. Much confusion in the readings on the CA stems from the very different understanding Martha Nussbaum has of capabilities in general, and of basic capabilities in particular. She distinguishes between basic, internal and combined capabilities, of which her understanding of basic capabilities is very distinct from the notion of basic capabilities in Sen's CA:

- Basic capabilities: ~ are the innate equipment of individuals that is the necessary basis for developing the more advanced capabilities and a ground of moral concern. These capabilities are sometimes more or less ready to function: the capability for seeing and hearing is usually like this. More often, however, they are very rudimentary, and cannot be directly converted into functioning. A newborn child has, in this sense, the capability for speech and language, a capability for love and gratitude, the capability for practical reason, the capacity for work (Nussbaum, 2000: 84).

Nussbaum's basic capabilities are thus focused on the agent herself, defined as *innate* or natural capacities/ talents of the individual, and "have little to do with the cut-off point for (...) deprivation analysis" as in Sen's notion of basic capabilities (Robeyns, 2003a: 20). Further, she distinguishes between:

- Internal capabilities: ~ are "developed states of the person herself that are, so far as the person herself is concerned, sufficient conditions for the exercise of requisite functions ... mature conditions of readiness" (Nussbaum, 2000: 84). Internal capabilities, comprised of religious freedom, freedom of speech, sexual functioning, among others, are thus capabilities that a person can exercise *regardless* of whether the circumstances allow this to do (Robeyns, 2005a: 104)
- Combined capabilities: ~ are "internal capabilities *combined* with suitable external conditions for the exercise of the function" (Nussbaum, 2000: 84-85),, i.e. expressing one's political point of view within a political and cultural system that allows the exercise of this action (if one is only able of developing a point of

view but is restricted externally of expressing it, then one has to speak of an internal capability only)

While Sen and Nussbaum's categories and terminologies clearly differ, both hold the view that politics should focus on *combined capabilities*. It is also combined capabilities which constitute her list of 10 central human functional capabilities (Robeyns, 2005a: 104), to be discussed at a later stage of the dissertation.

In addition to the categories of capabilities defined by Sen and Nussbaum is one which has been labelled in the literature mostly through empirical applications of the CA, namely those capabilities of *general* kind, such as “being sheltered, and living in a pleasant and safe environment; health and physiological well-being; safety and bodily integrity” (Robeyns, 2003: 20). This category, generally been thought of coined by Bernard Williams when referring to the difference which needs to be made between the capability to choose, for instance, “yet another new brand of washing powder”, from something intrinsically important as “Adam Smith's often referred to capability to appear in public without shame” (Robeyns, 2003a: 20), came actually first about as yet another form of basic capabilities:

what you need, in order to appear without shame in public, differs depending on where you are, but there is an invariant capability here, namely that of appearing in public without shame. This underlying capability is more basic (1987: 101 in Robeyns, 2003a: 20).

However, in order to avoid further misunderstandings in regard to terminologies, especially with Sen's notion of basic capabilities, these “deeper, foundational, generic, fundamental, aggregated (not over persons but over different capabilities in a person) capabilities” (Robeyns, 2003a: 20) are labelled *general capabilities*.

This last category of capabilities is probably lesser discussed in the literature, as Sen usually covers this distinction by the phrase capabilities people *value and have reason to value*, which excludes that increases in choices *per se* are ambicionado, and that all choices hold the same value. In this regard, walking in public without shame is clearly a capability of value, whereas the choice of n-types of washing powder is obviously (at least for most people) a choice of lesser or non-value (although it can be assumed that most people would value one good washing powder, yet again, presumably this is something which is lesser valued than walking in public without shame). This point will be further elaborated when some misunderstandings of the CA are discussed (in chapters 3.12, 3.13/ Part I).

Another point necessary for clarification relates to the question whether something as a *financial functioning* exists, and thus the capability to financial functioning. While this has frequently appeared in empirical studies (Robeyns, 2003a: 21), it has to be stated howbeit, that from a clear human development understanding, this capability and functioning category does not exist. In this particular notion of development, financial means are only and exclusively important as instruments, as means to an end, without intrinsic importance whatsoever. While it is understandable that, especially in “quantitative empirical studies” and due to “data restrictions”, financial variables have been used as an “approximation of functionings that have intrinsic value”, they can only be proxies for achievements of value (Robeyns, 2003a: 21), and thus should *not* appear, from my personal point of view, in any list of (general) capabilities.

Clarifying these various understandings and terminologies of capabilities was important in regard to the subsequent references to capabilities in this dissertation,

which will be in line with Sen's notion of it, rather than in concordance with Nussbaum's or Williams'.

### **3.6 A closer look at agency and well-being, freedom and achievements<sup>51</sup>**

The analysis so far focused predominantly on the role of capabilities, freedoms and functionings in the CA, and to a lesser extent on the agent herself. As a liberal framework, the CA understands the person in an evaluative exercise as an *active* agent for change. Due to this perception, the CA is more concerned with the real opportunity freedoms granted to the agent than with the agent herself. However, it is worth to analyse the agent against its relationship with well-being freedom and achievements.

Agency or process freedom is exercised in two distinct ways, either personal (acting on one's own behalf) or systemic (acting as part of a community, institution, political group, and so on). In this understanding, and due to the internal plurality of the capability space, *individual* advantage can be assessed in at least four different spaces: well-being achievement, well-being freedom, agency achievement or agency freedom (Alkire, 2002: 9). Individual advantage can thus be assessed in relation to the standard of living, to one's personal well-being, whether defined in a basic fashion (nutritional status) or in a more complex understanding (self-respect) (Robeyns, 2003a: 15; Alkire, 2003: 7). The focus on well-being thus also comprises "altruistic" motives, such as helping other people to feel better about oneself.

If well-being is supplemented with goal-pursuing ambitions, such as securing funding for a university programme, or commitments, such as demonstrating against world hunger or other actions considered non-direct beneficial to the agent herself, then the focus is overall on agency (Robeyns, 2003a: 15-16). Moreover, the two concepts of

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<sup>51</sup> As highlighted by Robeyns (2003a: 15)

advantage, well-being and agency, have to be further specified as being either achieved (well-being/ agency achievement) or in regard to the freedom people have to achieve these outcomes, “independent of whether they opt to achieve them or not” (Robeyns, 2005a: 102) (wellbeing/ agency freedom). Sen argues that none of these four possibilities should be ignored in an evaluative exercise, although the objectives might conflict in concrete situations, as Alkire exemplifies:

(i)f your riverside picnic is interrupted by the chance to rescue someone from drowning, then your agency freedom (and hopefully achievement) increases, because you can save someone’s life; but your achieved well-being diminishes, as you emerge cold wet and hungry (2003: 7).

Another good example is given by Robeyns:

Suppose two sisters, Anna and Becca, live in peaceful village in England and have the same achieved well-being levels. Both of them believe that the power of global corporations is undermining democracy, and that governments should prioritise global justice and the fight against poverty in the South instead of taking care of the interests of global corporations. Anna decides to travel to an Italian town to demonstrate against the G8 meetings, while Becca stays home. At that moment Anna is using her agency freedom to voice some of her political concerns. However, the Italian police does not like the protesters and violates Anna’s civil and political rights by beating her up in prison. Obviously Anna’s achieved well-being has lowered considerably (as has her standard of living). Anna is offered to sign a piece of paper declaring that she committed violence organised by an extreme-left organisation (which will give her a criminal record and ban her from any further G8-demonstrations). If she does not sign, she will be kept in prison for a further unspecified time. At that moment, Anna has a (highly constrained) option to trade off her agency freedom for higher achieved well-being, which our heroine refuses. Becca had the same agency freedom to voice her concerns and protest against either the G8 itself or the way the Italian police officers abused their power, but chose not to do so. She is concerned about the hollowing of democracy, the protection of human rights and the fascist tendencies among some police officers, but does not want to sacrifice her well-being to achieve these agency goals (2003a: 16).

The questions which arise from these examples regard the focus of an evaluative exercise and the information deemed necessary to carry out this evaluation. Is the relevant dimension of advantage considered the standard of living, achieved well-being,

agency achievement, well-being freedom or agency freedom? While the distinction between achievements and freedoms is important for well-being *and* agency, evaluating the standard of living should primarily focus on achieved levels (Robeyns, 2003a: 16). Furthermore, the CA claims that regardless of whatever concept of advantage one opts to consider, “the informational base of this judgement must relate to the space of functionings and especially capabilities” (Robeyns, 2003a: 16). In regard to well-being achievement, the evaluative focus should be on functionings, whereas a person’s capability set reflects well-being freedom. A focus on agency will always consider both, functionings and capabilities, and also takes agency goals into account (Robeyns, 2005a: 103).

While a full and rich life presumably comprises both, well-being and commitments (thus well-being and agency), the evaluative focus should be, from a normative perspective, on capabilities and functionings, a point further exemplified subsequently. This might confuse, because Sen authentically advocated that social arrangements should be evaluated with respect to freedom (and thus the capability space). This requires clarification.

When Sen argues that social arrangements should be evaluated in the capability space, he gives, nothing more, nothing less, a normative direction for general purposes, a proposition for the *comparison* of two states of affairs, a focus with limitations though if aimed to be used for the analysis and valuation of an *individual* human life, and, as shall be seen, when agency freedom is severely limited. As of this the CA is different to other rather more narrow concepts of well-being, such as classical utilitarianism, which has been criticised by Sen for its too restricted evaluative focus on utility, without taking into account rights, positive freedoms, commitments, creativity or actual living conditions, which constitute for him a great part of life though (Sen, 1999: 77). As he



outlines, to “insist on the mechanical comfort of having just one homogenous “good thing” would be to deny our humanity as reasoning creatures” (Sen, 1999: 77). As of this, the CA has to be moulded in regard to the evaluative task, and his proposition should be seen as a guide for comparisons only. Thus, a comparison of the two emancipated sisters from the above example should take place in the (opportunity) freedom space of both, well-being and agency. Such an evaluation would certainly propose to remove the identified unfreedom forced upon Anna by the Italian police of her civil and political rights. If security is guaranteed, her sister Becca might see enough incentive to abandon her well-being achievement to join Anna’s reasonable protest in the future.

It is eminent that this thesis discusses the CA mostly as a proposition for the comparison of social arrangements, a logical choice if the CA is used to analyse multidimensional poverty. Due to the above distinction it becomes apparent though that freedom analyses in the capability space are characterised by a substantial degree of *internal plurality*, which ought not to be ignored, ridiculed or reduced in any kind. Therefore evaluations include looking and respecting a “medley of things like the social organizer’s freedom to be an agent of social change in Arabsolangi, and the group members’ capability to be nourished, and the women’s capability to read and act on their own behalf” (Alkire, 2002 and 2003: 9/ 7). The capability perspective thus enriches the considerations that inform the analysis of social welfare and social choices by widening the *informational base* of such analysis.

### **3.7 A closer look at evaluations, measurements and policy focus**

After having analysed the main concepts of the CA, the focus will now be narrowed on the details of the CA as a proposition, which states that “social

arrangements should be evaluated according to the extent of freedom people have to promote or achieve functionings they value” (Alkire, 2003: 7-8). However, as stressed by Alkire and outlined previously, the necessity of understanding the term *capabilities* as both, freedoms *and* functionings, becomes apparent in situations in which the individual, the agent, is unable to *process* the real opportunities at his/ hers disposal.

Under certain circumstances it might thus be worth evaluating or measuring achieved functionings directly<sup>52</sup>, for instance when a mentally disabled child experiences domestic violence. If a person’s achieved functionings of bodily integrity would be harmed by domestic violence (it can be plausibly and reasonably assumed that no human being would want to experience physical harm in the household (without consensus)), it would be necessary to investigate the agent, in this case the victim, in order to make evaluative judgements regarding the degree of the best cause of intervention. A little child or disabled child, although equipped with the real opportunity to leave the house, might not be able to conduct this complex choice, it might lack the personal conversion factor. It would be morally questionable to refer to the possibility at the child’s disposal rather than judging the absence of bodily integrity itself (the functioning) when drafting a cause of action. This is different if the evaluative exercise it to judge the bodily integrity of a boxer. Although (s)he might get seriously harmed during a fight, one will normatively evaluate the boxer’s capability, in this case his/hers opportunity freedom, in judging the case, rather than the process freedom in itself or the achieved functioning level (Robeyns, 2003a: 14).

Yet, the relevant normative and moral question is though what to focus on in judging situations of physical severity and destitution, caused by structural/ social/ environmental processes. Robeyns for instance argues to focus on achieved levels of

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<sup>52</sup> Direct indicators of functionings include the Body Mass Index, Years of schooling, Self-reported health, Literacy, Subjective Well-being/ Happiness or Asset Index (Alkire, 2008c).

functionings directly instead of capabilities in such domains as “being well-nourished in countries fraught by hunger and famines, and all situations of extreme material and bodily deprivation in very poor societies or communities” (2005a: 101).

In acknowledgement that this is an evaluative concern to be conducted individually in each case (especially when the focus is on the absolute poor), I would normatively nevertheless argue against this. This is because it somehow undermines the concept of active agency for change in Sen’s framework, which I consider one of its core strengths in regard to sustainability<sup>53</sup>. Indeed, striking a balance of empathy with the destitute while being liberal and trustworthy in the strengths of the person is complicated, and in severe cases it might indeed be hypocritical (and dangerous) to point towards a real opportunity at a person’s disposal if she is unable to convert it, rather than on achieved functioning levels. Yet, the danger from the above generality is that the CA used for poverty evaluations and measurements might end up of becoming general *functioning* analyses, in which the poor are belittled to passivity. A way out of this dilemma has been proposed however by Frances Stewart, who states that “being able to choose” could be conceptualised as one functioning among others (1995, 92 in Robeyns, 2005a: 101).

The above discussion clarifies Sen’s fine notion of freedom as *constituent* of development, though it is not the same. In certain situations, especially in regard to the conversion factors, it will be necessary to addition the enhancement of opportunity freedom with actions deemed necessary to help transforming opportunity freedom into a functioning (which is usually been taken care of by the agents themselves). Being liberal while concerned with human well-being is certainly bewildered in real life.

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<sup>53</sup> When referring to sustainability it is meant in an environmental, social, political and financial sense, though at the same time in a self-sustaining (help for self-help) sense.

However, normatively speaking and in consideration of a large enough scale<sup>54</sup>, it might be sure to assume that the agent, the poor especially, can be active agents of change, as empirically proved for instance by the micro-credit scheme, to be more discussed at the end of chapter 6/Part I.

A second point to consider from the above discussion regards the question whether the CA from a clear normative understanding is able of getting operationalized. Focussing on achieved functioning levels might in exceptional cases be a decision of practicality, rather than normative conviction. Especially when measuring multidimensional poverty quantitatively on the macro-level, as to be conducted in chapter 5/Part II, one relies heavily on data already collected. It is almost certain to assume that representative datasets publicly available haven't been gathered under the notion of poverty as unfreedom. Measuring achieved functionings is nevertheless an important exercise, as these quantitative findings could well be triangulated with qualitative research, e.g. a participatory study in a community to elaborate on the underlying capability deprivations predating the achieved functioning levels. But even if this is not possible, Sen justifies achieved functioning evaluations possible under the umbrella of the CA:

There is a jump here (from functionings to capabilities), but it need not be a big jump, if only because the valuation of actual functionings is one way of assessing how a person values the options she has. If a person dies prematurely or suffers from a painful and threatening disease, it would be, in most cases, legitimate to conclude that she did have a capability problem. Of course, in some cases, this will not be true. For example, a person may commit suicide (Sen, 1999: 131).

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<sup>54</sup> In the words of Robeyns: “the capability approach asks whether people have the substantive opportunity to be healthy and well-nourished. At the individual level there may always be individuals who have the effective opportunity to be healthy and well-nourished but opt not to be so; for example, if they fast or are on a hunger strike. For large numbers, however, we can safely assume that virtually all people who have the capability of being healthy and well-nourished, would also opt to effectively be so” (2005a: 111, fn 4)

Thus, even if the analysis is on achieved functioning levels, it should always be used to draw conclusions on the freedom of choice, as this remains the normative focus of the CA (this is a point that will be further discussed in chapter 4.3/Part II). Why that is becomes apparent when thinking of the advances freedom has as a *driver* for change over such alternatives as “nannying” (that is direct help), coercion, force, domination or colonialism. Most basic needs can be met by direct handouts (development aid) or coercion (food intake in prison for instance), both observed empirically. However, in the notion of the CA, only “freedom draws attention to social development and the value of empowerment, responsibility and informed public action” (Alkire and Deneulin, 2009b: ch.2).

### **3.8 Policy focus: process freedom or agency freedom?**

From the above presentation of the CA one may find clarification as in regards to the policy focus of the capability approach, a discussion that can be certainly considered among the most complicated and problematic. Although Alkire stresses that the CA is a judge, not an advocate<sup>55</sup>, meaning that the framework should be used for the analysis and comparison of current state of affairs only, rather than used as a platform for the proposal of policy prescriptions, it nevertheless remains possible to keep policy recommendations in sight<sup>56</sup>.

Although capabilities as such comprises agency/ process freedom, and the CA as a proposition states that social arrangements should be evaluated (or measured) in

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<sup>55</sup> As stressed during a Summer School on Capability and Multidimensional Poverty 28 August – 9 September 2008 in New Delhi, India, organised by the HDCA and the OPHI (<http> 6)

<sup>56</sup> Due to evaluations of the “headcount ratio” measurement of unidimensional poverty its insensitivity to the depth of poverty got worked out. Alternatively, the ‘poverty gap’ and subsequently the ‘Sen-Index’ emerged, the latter sensitive to the depth of poverty and sub-group decomposability (Alkire, 2009a: 7). These developments rooted in thorough evaluations of the headcount ratio and its adverse effects on the chronic poor, who got neglected due to policy prescriptions based on this particular way of measuring poverty (chronic poor are considered those whose poverty is absolute (however defined) over a protracted period of time); thus, prescribing policies based on solid evaluative exercises can of course be justified.

regards of the freedom people have (thus possess) to achieve functionings of value, which technically includes a focus on the agency aspect of freedom, it nevertheless becomes apparent that the CA as a proposition is (normatively) focussing on real opportunities or possibilities rather than process freedom as itself<sup>57</sup>. If a person has the real opportunity or possibility to get healthier but chooses *not* to do so, then one has to remain (normatively) nonchalant about it, in the notion of the individual as an empowered agent, even in absence of self-responsibility. Remaining nonchalant is often a hard task, and context specific value judgements remain important. In as much as a liberal attitude towards human agency and heterogeneity has its pitfalls, especially in regard to friends and family or issues of humanitarian empathy, it has the decisive advantage of being ethically justifiable nevertheless, as mistakes are irreducibly a part of life and often drivers for education and insight (depending on the severity of consequences of course). The key notion is that self choice-determination, regardless of the outcome, is a value in itself. Aside of Sen's axiom that a "good life' is partly a life of genuine choice" (1996: 59), it might be additionally postulated (axiomatically) that it is rather bearable to live with mistakes as long as they are self-made than with decisions considered to be good though conducted constantly externally on one's behalf.

### **3.9 Deliberate Breadth<sup>58</sup>**

Up to this point it should have become apparent that the CA is inherently plural and multidimensional, one among the reasons it is considered by its proponents to be in a favourable position to address poverty in its multidimensionality outlay. This deliberate breadth manifests itself in two aspects: the first is the aforementioned information pluralism. Because of the too narrowed focus of utilitarianism on desire-

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<sup>57</sup> As Sen frames it: "Public policy, like politics, is the art of the possible" (1999: 132)

<sup>58</sup> As discussed in Alkire (2005)

fulfilment and the economic model on GDP per capita, Sen places humans at the end of development activities. As of this, the evaluator needs to acquire information about the individual (or the relevant study subject) and its living situations on a broad base. In the broadest sense, this requires looking at opportunity and agency freedom, as well as already achieved functioning levels, depending on the evaluative task at hand. Further information worth analysing are a person's choice from the capability set, as well as the direct and indirect consequences of these choices and actions. Contradictions in capability aspirations and trade-offs are another issue of theoretical concern, especially in regard to the person's well-being in light of its effects on groups and the society at large. While this may seem unfeasible and excessive, it can be argued that this is a theoretical discussion indeed; in concrete situations, such as my poverty evaluation in Part II for Mozambique, the categories of information are almost certain to be considerable less (Alkire, 2005: 122-123). For instance, if the agent appears to be reasonable and responsible in its choices and actions, it might be plausible, under the liberal umbrella of the framework, to minimise or completely omit the analysis of the particular choices from the capability set. As of the importance of this discussion it will be conducted in an extra sub-point in chapter 4/Part I.

The second aspect which manifests the deliberate breadths of the CA relates to policy prescriptions. While it is eminent that the CA will almost certainly prescribe policies to remove unfreedoms in the capability space, it remains nevertheless non-deterministic as of what specific policies that should be. Certainly, in some situations it might be more reasonable to devalue a currency to promote exports and thus providing farmers with greater income opportunities than to prescribe direct farm subsidies (which was observable, for instance, as a justifiable course of action to encounter Mozambique's food price crises in September 2010, to be further discussed in

chapter 3.1.3.8/Part II). In order to improve people's health and aspire longevity it might make more sense to tax alcohol and cigarettes as of spending more on health services directly. In different situations it might as well be the other way around (Alkire and Deneulin, 2009b: ch. 2).

Thus, as Sen states, deliberate breadth in regard to informational pluralism is a precondition for a holistic evaluation. However, this doesn't solve the inherent problem of making trade-offs in regard to policy decisions and prescriptions. Most likely, pragmatic considerations and procedural issues are going to be required:

A capability framework points towards a space, but even when the functionings have been selected and some ranges of weights specified, there will be the possibility that a particular policy A would be better for equality, while policy B is better for aggregate achievement. These trade-offs are also part of public judgement, and what this exercise requires is ... the identification of relevant considerations, suggesting particular proposals and encouraging public discussion on those considerations and proposals (Sen, 1996a: 117 in Alkire, 2005: 119).

The CA is thus not *a priori* politically "left" or "right" in regard to policy prescriptions, it only demands policy attention on the identified instrumental freedoms at all times (which may seem for some readers a particular "left" notion indeed). This certainly illustrates of how the CA manages to be specific whilst remaining vague at the same time (with more examples to come).

### **3.10 Individual Diversity and Heterogeneity**

Another aspect worth looking at is the centrality of individual diversity and heterogeneity the CA is inherently subscribing to. This manifests itself not only physically, but also spiritually:

Investigations of equality –theoretical as well as practical- that proceed with the assumption of antecedent uniformity (including the presumption that 'all men are created equal') (...) miss out on a major aspect of the problem. Human diversity is no secondary complication (to be ignored,



or to be introduced ‘later on’); it is a fundamental aspect of our interest in equality (Sen 1992: xi).

Diverse human beings differ in converting commodities into functionings, and they differ in extent to their notions of what constitutes a good life for them. Whereas classical evaluative frameworks appear insensitive to these issues<sup>59</sup>, the CA is able to address them, because it determines capabilities ethically individualistic (a point for further discussion in chapter 4/Part I), context specific (through ongoing deliberative democratic participation, at least in Sen’s notion of it), and multidimensional; that is, capability compilations are to be aimed for being an *ideal* assembly (including everything as being valued without *a priori* exclusions, and before the various capabilities are indexed, aggregated or weighted). This is opposed to a rather pragmatic list of feasible capabilities, which ought also to be compiled, and which might be best compared to a “feasible scenario” as commonly used in evaluative exercises. Having both lists is important, as “these second-best constraints can change over time, as knowledge increases, empirical research methods improve, or political or economic feasibility changes” (Robeyns, 2003 in Alkire, 2007: 13). The re-estimation of poverty in chapter 4 and 5/Part II will actually follow this rationale.

The CA thereof values cultural activities or heritage cultivation as much as aspirations for political participation or health care, *if* it is determined a valuable capability, and before it is weighted or indexed. It is thus being thought of having distinct advantages over standard momentary cost-benefit analyses, which tends to be insensitive to those multidimensional subtleties of humans as ends of development (Alkire, 2002).

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<sup>59</sup> Particularly neoclassical economics with their postulate of “optimisation” and “complete preference orderings”, that is, “economic agents optimise some variable” and “can rank any of the possible options they face against each other” (Martins, 2006: 1).

Problematic is the acknowledged heterogeneity from a methodological standpoint however. Being an economist himself, Sen enjoys great respect for his quantitative econometric studies, including poverty measurements, where, to a certain degree, uniformity of human beings is a necessary presumption. Acknowledging human diversity renders the CA a prime framework for qualitative micro-studies only, technically speaking. On the complications of translating the CA on the macrolevel with a measurement component, please see chapter 4.3 and 5/Part II, where this discussion will be picked up again. On a broader discussion of the various operationalisations of the CA, please see chapter 6/Part I.

### **3.11 The core principles**

As much as the CA is concerned to focus its analysis on humans as ends, it is equally engaged about the way *change* is brought about. This latter point finds its manifestation in the core principles of the CA, thus in a sublevel of the framework which in analyses is often subdued to its three central concepts, though in my understanding is of no lesser importance. As of this reason these principles, which are equity, efficiency, sustainability and participation, will find sufficient discussion in chapter 4 and 5/Part I, beyond the short introduction at this stage. *Equity* refers to the fine concept of justice and fairness any study on poverty and social arrangements has to face. In the notion of the CA, equity is considered with an equality demand in the capability space, as opposed to an equal treatment of all people. It recognises that “those who have unequal opportunities due to various disadvantages may require preferential treatment or affirmative action” (Alkire and Deneulin, 2009b: ch. 2). Affirmative action

is thus considered a reasonable policy option to establish equality in the capability space<sup>60</sup>.

*Efficiency*, the second principle, is concerned with “the optimal use of existing resources (...), as the least cost method of reaching goals through optimal use of human, material and institutional resources to maximise opportunities for individuals and communities” (Alkire and Deneulin, 2009: ch. 2). Although this should be a given, it remains necessary to stress. The third principle *sustainability* has been highlighted in its importance throughout this chapter. It basically means that interventions should be optimal to be executed in an environmental, social, political and financial sustainable and sensitive manner; additionally it also connotes that initiated *change* should be aimed at becoming self-sustained in the long-run. Alteration brought about by freedom is thus considered to have distinct advantages over other means of change initiation, such as force, coercion, but also direct help in forms of handouts<sup>61</sup>.

The last principle concerns *participation* and *empowerment*, which is “about processes that lead people to perceive themselves as being entitled to make life decisions” (Alkire and Deneulin, 2009b: ch. 2). As of the importance of this principle in poverty studies especially, it will find adequate room for discussion in chapter 4 and 5/Part I.

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<sup>60</sup> Critics of the CA, such as Dworkin (2000) or Seabright (1993) often claim that the framework would fiercely demand redistributions within the capability space (considered automatically implied in equity demands). While affirmative action is not excluded as a policy option, it is nevertheless only one among many to establish equity. Further, while equal distribution is certainly claimed, redistribution is basically not, as in the notion of taking capabilities away from capability-affluent persons. Thus, this criticism doesn't hold strong under detailed scrutiny. For a more detailed discussion of this point however, please see Robeyns (2003a: 51)

<sup>61</sup> Please be referred to the problem identified in literature as the “handout mentality”, which emerged in many communities continuously receiving large amounts of foreign development aid and assistance, causing a mentality of dependence and reliance on these “handouts” (Easterly, 2006; Carr, McAuliffe, MacLachlan, 1998: 189). Direct help is certainly an issue of discussion, as it is justified if the evaluative focus is on agency freedom, but also if, as in direct cash transfers, it is considered one option to boost opportunity freedoms, such as economic facilities to aggregate demand (a point to be discussed for Mozambique in chapter 3.1/Part II).

### 3.12 The CA - some misunderstandings

The outline of the CA's central concepts and principles may have left the reader with some open questions, which could lead to misunderstandings commonly made. The first relates to the question what achievements in life are to be valued, in contrast to those which ought to be excluded. As capabilities are, by definition, limited to functions *of value*, they exclude *evil or harmful* functionings (Alkire, 2005: 120). What constitutes an evil or harmful functioning is open for public debate. Some may seem more easily comprehensible, such as the desire of becoming a dictator (extremely speaking), hurting other people physically or emotionally, and so forth. Others are more complex, especially when self-hurt or self-sabotage is involved (which incorporates the debate of euthanasia in political philosophy, and as a discussion is important in light of the framework's liberal stance towards agency); it becomes even more complex when issues have to be addressed which deal with what Galtung coined *structural violence* (1996), and real complex (one can hopefully see the climax here) if ethically disputed functionings are concerned, such as the desire and value of becoming a powerful manager (e.g. of a financial institution) and the level of responsibility for society such a position entails. This is a discussion of special difficulty in the contemporary climate of the 2008/9's world financial and economic crisis.

In light of poverty and development studies it is a further ethical discourse of how to judge agency fulfilment in light of possible negative effects on groups in the world's "periphery", such as Africa, East Asia, or Latin America, where most of the poor and destitute live. An inherent problem of any social arrangement study is thus the analytical incorporation of those detrimental effects caused by individuals and/or small groups (whether in the periphery itself or the centre, considered of being the western hemisphere) on communities and/ or the society at large in a globalised 21<sup>st</sup> century. A

reoccurring analytical scheme in contemporary IR theory is certainly that of the role of *geography* in international power politics. From a neo-Gramscian perspective it is often argued that the concentration of geo-economic power in specific institutional locations is causing and reinforcing the centre-periphery dynamic in the international economic system, which, in turn deepens international inequalities. Peet for instance examines how “a few thousand people, clustered in a small space, control the live of billions of others, the world over” (2007: 2). Despite scepticism on the neo-Gramscian concept of cultural hegemony (and counter-hegemony) is certainly justified, it nevertheless remains a justified axiom indeed, of how elites in the “core” do often fail to fulfil their moral responsibilities and obligations to scrutinise their actions in regard to detrimental effects on social networks in spatial peripheral regions of the world, in which most of the world’s poor live.

This thesis cannot address all these issues beyond this emblematic vignette, despite its indisputable importance. In regard to the neo-Gramscian critic especially it can only allude to the importance of this thinking in the selection of capabilities of value, *if* the framework is applied in affluent societies of the “core”. In regard to having avoided seeing evil/ harmful functionings incorporated in the capability space in general, a deeper discussion will be provided in chapter 4 and 5/Part I. For now however, the analysis will continue with a few further misunderstandings commonly surrounding the CA.

### **3.13 Misunderstandings continued**

Another common misinterpretation of the CA concerns the *quality* of valued options which are comprised in the capability space. The value of *freedom of choice* (the CA’s core proposition) varies between cultures and individuals. Thus, the CA is

capping freedom of choice with the phrase people *value and have reason to value*, and thereof options added regardless of their value may end up being borderline useless. Secondly, freedom of choice is not idem with freedom of intrinsic importance. Indeed, however valuable or not options may be, “an increase in ‘freedom of choice’ may crowd out our ability to live a “peaceful and unbothered life” (Sen, 1992: 63 in Alkire, 2005: 121). As Sen clarifies it: “Indeed sometimes more freedom of choice can bemuse and befuddle, and make one’s life more wretched” (1992: 59 in Alkire, 2005: 121). Without these fine clarifications the CA would not only be culturally insensitive, but also insensitive to the adverse psychological affects possible of having too many options of choice<sup>62</sup>. This includes the feeling of being lost and guideless-ness, but also of living in constant self-doubt with ones decisions (which concerns ‘did I do the right choice’ and ‘what if’ questions)<sup>63</sup>.

Another clarifying comment has to be made in regard to freedom versus *control*. Self-determination is an ethical imperative of the CA, and thus the individual is assigned the levers of *control for choice*. This ought *not* to be confused with control of one’s own destiny, and, to a lesser philosophical degree, of “who actually controls the levers of *operation*” (Sen, 1992: 65 in Alkire, 2005: 121 (italics added for emphasis)). Congruously,

given the choice, we *would* choose to work in a smoke-free environment, then *ceteris paribus* a public program to prohibit smoking in shared working areas *does* indeed enhance our freedom, even if we were not asked directly about this manner, because in the absence of this public program we would not have the effective freedom to work in a smoke-free environment” (Alkire, 2005: 121 (italics in original)).

This relates directly to the aforementioned capabilities of choice. Choosing a non-smoking environment has been a capability of *qualitative* choice, whereas in fact

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<sup>62</sup> For instance, German school graduates do face no less than 12.300(!) degree options to choose from for university study. This constitutes a freedom of choice which can be justifiably labelled befuddling ([http 7](http://7))

<sup>63</sup> For the negative psychology of choice, please see Lane (2001) and Schwartz (2003).

the *quantitative* number of choices possible diminished (we lose the freedom to smoke indeed, a freedom considered, however, of holding no value).

A last misunderstanding concerns the concept of equality and justice. While the CA demands equality in a space in which it is considered justifiable, the capability set, it doesn't mean that in real life everybody would subsequently end up with the same vector of achieved functionings. In fact, two people with identical capability sets are very likely to achieve very distinct types and levels of functionings, because they made different choices or used the capabilities at their disposal very distinctly (Robeyns, 2003a). Thus, the CA will not solve the probably inherent problem that in vertically stratified social arrangements someone always has to be at the bottom (Oyen, 2003). However, these stratifications are socially and therefore somewhat externally defined<sup>64</sup>, thus a person might live well at that "bottom", *if* there she is firstly provided by basic capabilities (as in Sen's definition), and secondly with what she considers important to live a fulfilling life (by innate criteria). This must include the functionings of appearing in public without shame and self-respect, both probably most problematic of getting achieved when someone is located beneath others, and when innate criteria have to be appeased with external ones (and vice versa).

Additionally, this has to be further scrutinised in detail against the aforementioned danger of adaptation and mental conditioning. The basic aim remains however, that that *positional objective*, context-specific "bottom" needs to be made *subjectively* bearable for the individual, while acknowledging that social differences will remain (and probably should also be embraced). Important is only that every person has the *freedom* for *changing* ones positioning on that *positional objective* latter, if she feels *subjectively* urged to do so.

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<sup>64</sup> Although these criteria are context specific (emic), they remain external to the individual (etic), even though they may be less external as of being placed upon a society by some outside notions of researchers and/or social powerful institutions of the "global centre", as in an neo-Gramscian perspective.

As a liberal philosophical framework, the CA thus respects the various understandings of a good life, and is not judgemental in regard to *what* has been achieved with the capability set (Robeyns, 2003a: 14). In fact, the CA is lesser (if at all) concerned with the transformation of capabilities into functionings, as long as there are no social-environmental factors preventing *an aspired* capability transformation. Thus, the CA would not judge the career or development of a person subsequently to the capability provision necessary for ones reasoned agency; it rather assesses whether that person has had that provision to begin with. It is of this liberal stance towards life that capability expansion and not achieved functionings are the appropriate policy focus.

This stands in fine contrast, however, to the question of whether socio-environmental factors or group dynamics have prevented a capability transformation into a functioning. If, for instance, socio-environmental factors prevent women from having access to aspired jobs they are well-qualified for, than this constitutes a real deprivation or unfreedom of concern for the CA. It is thus decisively of this reason that the CA is more interested in equity rather than equality (as in equal treatment of all people).

### **3.14 Who are the actors involved in enhancing opportunity freedom?**

The last question for the presentation of the CA regards who will be the responsibility holder for enhancing opportunity freedoms. While many fear Sen is demanding for an overly *paternalistic* state<sup>65</sup>, he actually demands actions from the society at large:

Societal arrangements, involving many institutions (the state, the market, the legal system, political parties, the media, public interest groups and public discussion forums, among others) are investigated in terms of their contribution to enhancing and guaranteeing the substantive freedoms of

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<sup>65</sup> Please see Robeyns' more detailed discussion of the paternalistic critic (2003a: 50-53)



individuals, seen as active agents of change, rather than passive recipients of dispensed benefits (Sen, 1999: xii).

While he certainly demands public actions and support mechanisms, the framework cannot be labelled overly paternalistic, as feared by critics; it is rather paternalistic to a justifiable degree, as it only demands equity in the capability space by a hybrid of actors, and not in the outcome space *per se* (a point also discussed in 3.11/Part I).

### **3.15 Recapitulation: Bringing it all together - Sen's CA**

As outlined throughout this chapter, the major constituents of the CA are capabilities, functionings and agency, whereas the key principles are equity, efficiency, participation/ empowerment and sustainability. The challenge in understanding the approach is to somewhat order and structure these core concepts and principles, in order to minimise the danger of misunderstanding and misrepresentation, but also misconceptualisation in regard to the evaluative task (that is, is it used for comparison or individual advantage purposes).

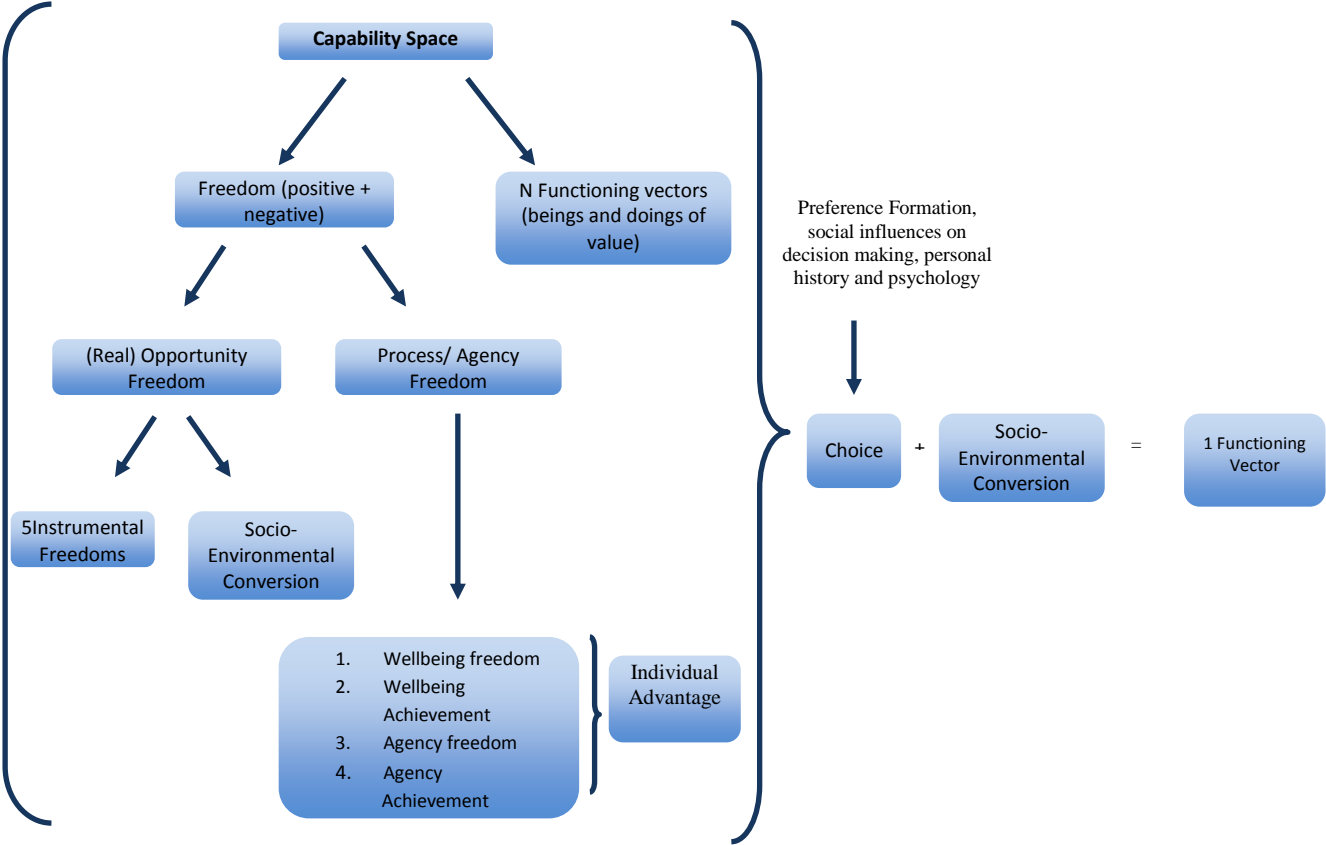
The following scheme aims to present an overview of the CA based on my own interpretation of Sen's writings, but also influenced by interpretations of the CA by Alkire, Clark, Robeyns, and others. The intention is not only to recapitulate the chapter, but also to help fostering the notion, that, although the CA is certainly complex, it is not too complicated as not to be grasped within a short period of time, if facilitated well. This is important, because, as Alkire writes, "theories that are not user-friendly do not spread" (2005: 116).

The problematic questions which arose compiling Figure 1 were: Where to place agency freedom, within or outside the capability set; and what comprises a real

opportunity, just the five instrumental freedoms (which includes commodities) or also the socio-environmental conversion factors (excluding the individual conversion factors).

In regard to the former question, I decided that the scheme remains meaningful regardless of whether agency freedom is placed within or outside the capability set, namely then if the CA is understood as a proposition which explicitly states the importance to focus on *opportunity* freedom for the enhancement of human agency in development policy; thus, if the approach remains active, whilst possibly being indirect if used for normative comparative purposes. However, as to avoid confusion, agency freedom is placed within the capability space. In regard to the second question I decided to include the socio-environmental conversion factors into the real-opportunity freedom, as they can act as particular unfreedoms as well, which ought to be critically addressed in all cultural sensitivity, not only by state actors, but also by non-state groups and forums.

Figure 1: Amartya Sen's Capability Approach



## *Outlook*

From the scheme and analysis above it becomes perfectly clear that among the main challenges for an evaluator is the specification of capabilities:

1. Which achieved functionings value people rather than regard as trivial or evil or undesirable?
2. How valuable are alternative people's or future generations' functionings?
3. How valuable is it to have further (valuable) options as opposed to enjoying the tranquillity of not having to choose?
4. How to evaluate different people's conflicting claims about what functionings are valuable at all? (Alkire, 2002: 7)
5. Which epistemological tools are used to determine these valuable capabilities?

Whereas questions 1 to 4 are to be answered in an evaluation exercise individually, question five will actually find a discussion in chapter 5/Part I of this thesis. As for the next chapter however, the CA will be critiqued in order to elaborate on the frameworks main strengths and limitations.

## 4 Discussing the CA

Having outlined Sen's notion of the CA I will continue the analysis by discussing key issues of it. This chapter is equally prudent as the previous one, because it aims to give Sen's alternative to established frameworks for poverty and well-being evaluations a certain robustness. It is indeed an accomplishment of having identified contradictions, flaws or limitations in the established frameworks of well-being, though another to propose an alternative. This *critique* will be conducted in two ways: by referring to Sen and secondary authors having interpreted the framework already, and by an own hermeneutic discussion of the framework's scope and limitations.

This section will address some of the most urgent questions surrounding Sen's CA, which is that of political philosophy, the distinction of using the CA for comparison or individual analysis purposes, and its distinctiveness from Martha Nussbaum's version of the CA. It will also deal with some epistemological and ontological questions, especially surrounding the question how to determine valuable capabilities. That last point will lead to Chapter 5/Part I, the discussion of Q-squared research on poverty, which is thought of having substantial advantages to be used in selecting capabilities than alternative research tools, such as introspection.

### 4.1 A question of responsibility – is the CA an opportunity or an outcome-based theory<sup>66</sup>?

To start off this section, and before turning to the differences in Sen's and Nussbaum's notion of the CA, I will relate to some of the core discussions taking place within political philosophy (and also in the wider interdisciplinary discourse), which are those surrounding equality, distributive justice, liberalism, and social and individual

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<sup>66</sup> A question asked in Robeyns (2003a: 21).

responsibility (Robeyns, 2003a: 21). It thus addresses questions concerning the justice dimension identified in the problem creation of chapter 1/Part I.

As has been worked out, the CA is greatly concerned about choices people make in life, and in this regard respects the human diversity and heterogeneity. It is thus (critically) liberal within a framework which merely, yet pressingly, demands to enhance and equalise real opportunities for people, while it remains non-judgemental (if not to say nonchalant) in regard to what *particular* choices are being made. For example, the CA demands that every human being should have the opportunity to seek shelter and comfort in a community, though if a person opts to live as a hermit, *so be it!*<sup>67</sup>

Critical liberalism however is not to be confused with radical liberalism as favoured by Robert Nozick (1977). In this radical outlay some of the worst consequences of absolute freedom, for instance famines, could find a theoretical justification. Sen's notion of the CA is much more in line with the classical understanding of the word *liberal* in the philosophical tradition, which values *individual autonomy and freedom*<sup>68</sup> (Kymlicka, 2002 in Robeyns, 2003a: 7). It should thus not be confused with liberal in Nozick's notion of the word, neither with liberal as used in every daily life, which is very much associated with the political right and neo-liberalism. Philosophical liberalism should rather be seen in its classical meaning, that is its "neither left or right, nor does it *a priori* advocate any social or economic policies" (Robeyns, 2003a: 7)<sup>69</sup>.

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<sup>67</sup> This depends greatly, as also outlined, on the agent herself. Sen's notion of the CA is not as liberal as to ignore the person in regard of whether s/he is able to personally convert real opportunities into functionings. Liberal in this sense rather refers to a general understanding of the person as an empowered agent with a free and autonomous spirit, yet the process freedom remains always in analytical sight. In other words, it remains *outcome-orientated* at all times.

<sup>68</sup> It is particularly from this liberal understanding of the agent from which Martha Nussbaum's notion of the CA will be critically analysed in the forthcoming chapter.

<sup>69</sup> A point also highlighted in chapter 3.9/Part I.

Stressing critical liberalism in this sense demands a high amount of responsibility, and more precisely, *personal* responsibility. In fact, as Sen outlines, responsibility *requires* freedom, that is,

the argument for social support in expanding people's freedom can (...) be seen as an argument *for* individual responsibility, not against it. The linkage between freedom and responsibility works both ways (Sen, 1999: 284).

In this sense, freedom is both necessary and sufficient for responsibility, as without substantive freedoms and capabilities, people are unable to exercise responsible individual behaviour, though if equipped with it, are imposed with the duty to demonstrate it (even if this is only an implicit demand).

However, individual responsibility for one's life has its limits; without cooperation, thus *social* responsibility, a society ceases to function. For instance, the helpless landless labourer without substantial means of earning an income is deprived not only in terms of well-being, but also in terms of the ability or *chance* to lead a responsible, self-determined life, which is simply contingent on having certain basic freedoms provided externally. In demanding social responsibility, and thus capping radical liberalism, Sen actually demands individual responsibility, and in this also caps what he calls *nannying* (as in a *nanny-state*). Sen is concerned that his writings could be mistakenly understood as a demand to nanny a society's citizenry, namely when the demand for individual responsibility is kept unmentioned in the quest for social actions and responsibility: "There is a difference between "nannying" an individual's choices and creating more opportunity for choice and for substantive decisions for individuals who can then act responsible on that basis" (1999: 284).

Thus liberalism is demanded in a space considered justifiable (in the notion of people as self-responsible, empowered agents), while equality and *distributive justice* is

demanding in a space also considered justifiable, in the capability space (equity), created through state and non-state actors, which are equipped with a sense of social responsibility, because, as “competent human beings, we cannot shrink the task of judging how things are and what needs to be done” (Sen, 1999: 283).

However, it is precisely the demand for justice in the opportunity space, more narrowly the demand for affirmative action (if deemed necessary), combined with stressing greatly the importance of personal choice and responsibility, that justifies to phrase the framework an *opportunity-based* theory for policy action, rather than one which is *outcome-based* (Robeyns (2003a: 21) arrives at the same conclusion). This should not be confused though with the aspired goal of the framework, which is to focus on improving peoples life’s, by shifting the evaluative focus from “means” to “ends”, which renders Sen’s CA an *outcome/well-being-oriented* framework (a fine but decisive distinguishment, achieved through the incorporation of process freedom in the capability set, which renders Sen’s CA a suitable evaluative *match* for multidimensional ill-being analyses with its identified and (contemporarily) acknowledged lack of power and voice as key dimensions of poverty, constituting only two dimensions among several nonetheless). Yet, in demanding egalitarianism in one particular space, the CA has to address a pressing question discussed in liberal egalitarian literature, which is that of preferences and fairness.

#### **4.2 Welfare, preferences, respect, social status, fairness: an ethical relevant discussion? An introspective account**

The liberal egalitarian literature is facing an inherent problem in regard to preferences and fairness, which goes as follows: people with expensive tastes, tastes or preferences that require a large amount of resources to satisfy, such as the preference to



own jewellery, depend greatly on resources which are financial, but also on resources such as having access to well-paid jobs and time. On the other hand, people “with cheap tastes or preferences can reach a level of mental satisfaction with small amount of resources”, for instance the hard labourer who has few opportunities but is happy and non-complaining. Classical welfarist theory reaches a problem here: if one aims to “equalise resources, this would lead to a lower level of well-being for the person with expensive tastes”, while if one wants to equalise well-being (mental satisfaction or utility), then the person with expensive preferences or tastes would require greater resources, which in turn, seems unfair and “counter-intuitive” (Robeyns, 2003a: 21-22). How does the CA address this issue?

In short, the CA does not have a straightforward answer or solution to this dilemma! In fact, from a capability egalitarian point of view, this discussion does not seem to matter much. As previously outlined, the CA is not concerned to equalise resources, due to the different conversion factors of people. In regard to psychological well-being and other components which can be labelled *subjective*, thus functionings which are preference-dependent, like enjoying a certain social status or respect, the CA would refer to its critical liberal stance regarding human heterogeneity, and wouldn't engage in *judging* whether people with rich tastes are morally superior or inferior in comparison to those with cheaper preferences.

Thus the question whether or not a snobbish upper class man who needs expensive clothes, cars or other “status symbols” to gain respect from his peers, or social status, is to be judged morally over an environmentalist who needs only a bicycle and second hand clothes to gain the same (Robeyns, 2003a: 22), is deliberately *not* addressed in the CA. It would rather ask the opposite questions, which would be whether both have had the opportunity to achieve what they set out as valuable (social

status and respect), and whether either one of those would have reason to be ashamed of appearing in public as they do. If both cases would appear, the CA would see a need to address these issues. It would further scrutinise however whether these functionings should be incorporated in the capability set to begin with (as in regard to not evil/ non-harmful functionings), and if so, how it should be weighted for its contribution to human development.

Going further, the CA would neither engage in evaluating the level or magnitude of accomplishments of a person for comparison purposes, most likely important for high rankings in social statuses and respect accumulations. It will certainly not judge levels of achieved functionings in light of a person's process ability of converting real (equalised) opportunity freedoms. So whether a university graduate who achieves a leading position in a company should be judged superior to a graduate from the same programme who "only" achieves a lower rank in the company, is not an issue of concern from a CA perspective, not only as this would miss the evaluative focus (it would apply some (concerned inappropriate) *external* criteria of evaluation), but also as it might be unknown from the outset whether the latter person is consent with these achievements according to some innate criteria, which might as well be extremely plural (achieving a leading position in a company will come with sacrifices, such as dividing time away from nurturing friendships and family ties, functionings the latter might value more than the former. Thus, it would conduct a unidimensional evaluation of what is normatively considered a multidimensional vector of achieved functioning levels).

What can be learnt from this? First off, certain social functionings, such as respect and social status, are tricky functionings, which despite their importance for society, are somehow sometimes also on the brink of being harmful or evil, or to formulate it less harshly, a great source for heated discussions. It is indeed a problem of

any theory of justice to incorporate those ambiguous aspects of the *homo sapiens* more broadly, and especially the *homo economicus* more particularly, which have to be considered as its greatest strengths, while it is also among its greatest weaknesses (this depends on the point of view and is context specific. This discussion is greatly linked to the in chapter 3.12/Part I analysed ambiguities as in regard to a single person's valued functioning levels and their possible negative effects on third parties).

Secondly, respect and social status are almost always assigned and structured by external criteria, even though they might be social-context specific. While these ontological situations/ "realities" have to be taken as the base for an evaluative exercise to select capabilities upon (a point further discussed when differences to Nussbaum's CA are discussed), Sen's CA will ultimately, if methodologically possible, operate with innate criteria of individuals as well, and will consider them the ethically superior ones.

Thirdly, the CA deals with issues considered fundamental in life, though some discussions, such as about a person's social status or respect<sup>70</sup>, or the value-laden question to externally judge an achievement in light of a person's capability set, are solved, yet again, with regard to the framework's liberal stance towards human diversity and heterogeneity, the notion of individuals as social responsible agents, or are regarded as irrelevant from an *ethical* individualist perspective.

All these points do not intend to denounce these aspects of everyday life as ontologically *irrelevant*, or to shield the CA from these complications. They are indeed incorporated in the framework, as in the capability to appear in public without shame, probably one of the more complicated functionings to achieve, as internal criteria mix with external ones. However, as in regard to achieving social statuses which exceed the valued capability of not being discriminated or ashamed in public, these are

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<sup>70</sup> To be distinguished from the well-valued achievement of *self-respect* and the somewhat more context-specific functioning of *appearing in public without shame*.

considerations, from an evaluative standpoint, of lesser ethical significance in judging social arrangements (even though they might appear technically in an ideal list of valued capabilities, they would nevertheless be scrutinised accordingly as of their importance for human development, and in light of possible detrimental effects they might have for others. If they remain in the set, they might receive a lower weighting possibly, depending on what external criteria the context-specific society assigns as requirements for the achievement of social status and respect<sup>71</sup>).

As of these various reasons, the focus in social arrangement *comparisons* is on capabilities people have or don't have, which is considered *really* relevant (especially in regard to basic capabilities in poverty studies). The above discussion might only be relevant if individual lives are assessed independently. Achieving self-respect for instance might indeed be causally related to the level or magnitude of accomplishments, according to one's own standards and in self-comparison to others. The normative analysis would thus certainly be on both, capabilities and functionings.

It might be appalling indeed for some readers that the CA has this rather nonchalant stance in regard to social comparisons. Some might look for a more "feisty" justice dimension, or are interested in valuating and comparing capabilities (and especially achieved functioning levels) according to some further *external* criteria<sup>72</sup> and/or in regard to magnitudes of achievements. Sen's CA however considers its liberal viewpoint as one of its greatest strengths, alongside the notion that change is *sustainable* only if actively brought about by the agent herself. This author's introspective/

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<sup>71</sup> In other words, what does a person need to do to receive a high social ranking and/or respect?! These actions need to be scrutinised in detail as of whether they might be evil or harmful to third parties, and these value judgments need to be conducted in deliberative democratic settings with a strong triangulation component. Only upon these decisions, functionings of ambiguous kind will find incorporation into the capability set, with possible lower rankings/ weightings as an option thereof.

<sup>72</sup> Other than the CA's sole external criteria to evaluate social arrangements in the capability sets, ethically individualist (innately) defined though.

hermeneutic account on the scope and limitations of the CA is of course open for debate.

### **4.3 Sen's CA: A Theory of Justice?**

To round up this point it is important to state that Sen never considered his framework to be able of representing a full-fledged theory of justice (“the capability perspective, central as it is as a theory of justice, cannot be entirely adequate for it” (Sen 1992a: 87 in Alkire, 2002: 9)) or egalitarianism (Robeyns, 2003a). To the contrary, people differ in their preferences and well-being; they are heterogenic to a degree which is at times hard to comprehend from the outside (on individualism in well-being analysis, please see also my discussion in 2.5/Part I). As discussed in the critique of utilitarianism and Rawlsianism (3.2.2 and 3.2.3/Part I), egalitarian/ fairness demand is flawed in both spaces precisely *because* of the individual (mental and physical constitution) and its living conditions. Thus, *if* fairness is demanded, than only in a space that requires from the agent a great deal of personal responsibility. In fact, it is specifically because of those unsolved problems in liberal egalitarian literature that Sen demands equality at an early structural level, rather than on a level of mere means (resources) or desire (thus mental-) fulfilments.

The last point regards the *cap* Sen is prescribing to his liberal notion of the agent, which brings the discussion back to the question whether the CA is an opportunity or an outcome-based framework. Although the CA is primarily concerned with opportunities, it never leaves the outcome (the achieved functionings) out of sight, not only because of the identified practical reasons, but also because it recognises that a person's agency freedom might be undermined at times.

To conclude hereby, the CA is ethically concerned with human's quality of life. As of this, it is foremost an opportunity based theory, which keeps, nevertheless, the outcomes in sight. It is not in a position however to solve all inherent liberal egalitarian problems of preference and fairness/justice comparisons, though never intended to do this in the first place. It therefore made sense that Sen titled his latest book (on the CA) *The Idea of Justice* (2009).

#### **4.4 Preference formation and choices being made: a need for analysis?**

A further need for clarification regards the question whether preference formation and choices from the capability set matter analytically. Although in recognition of varying tastes and preferences of choice, the CA is certainly less interested in *preference formation* (why do people like/ prefer one lifestyle above the other)<sup>73/74</sup>, and, although concerned with social choice theory (that is, it aims to enhance real effective opportunities of value to *choose* from), is less interested on the actual choice being made from the capability set. Although some authors argue that the actual decision making process, which is subject to preference formations, social influences, personal history and psychology, should be incorporated in an evaluative exercise to judge individual advantage and/ or social arrangements (Robeyns, 2003a)<sup>75</sup>, it is perfectly justifiable, under the liberal notion of the CA and in reference to the process freedom of the agent, to shun or minimise analysis on this mid-step between capability

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<sup>73</sup> This doesn't hold true in regards to value-formation. It is indeed important to analyse and discuss the underlying values for the capability set formation (in order to avoid that evil or harmful functioning possibilities are incorporated). In fact, value judgements are eminent in the selection of capabilities, and the process itself should be made as open and public as possible. After all, it is capabilities people value and *have reason* to value in which the CA is interested in. This point will find further discussion in the subsequent chapter 5/Part I.

<sup>74</sup> This viewpoint is opposite from the introductory statement about me as the author of this text, in which I illuminated my preference formation, though not my value formation (left out due to length limitations of this thesis).

<sup>75</sup> In this regards please be also referred to the growing literature on quality of life studies, cross-cultural psychology, consumer preference and behaviour studies (especially the growing literature on the relations between psychology and behavioural economics) (Alkire, 2007: 12).

space and achieved functioning levels (unless socio-environmental factors inhibit the exercise of ones valued agency, as stated before). Although this point might be open for discussion and is context dependent<sup>76</sup>, I would nevertheless argue that, from a normative perspective, any choice from the capability space is justifiable, if the set consists merely of positive functionings of value, which excludes, as normatively demanded, evil or harmful functioning possibilities (and indeed, the gathered functionings of value in Part II for Mozambique are actually thought of being “positive/valuable” throughout). It would certainly undermine some of the core strengths of the CA, such as its positive attitude towards people as empowered agents, its respect for autonomy, freedom and ethical individualism, and/or its emphasis that only functionings of value should be used, which are purely non-evil/ non-harmful (to avoid the usage of the word benevolent), if the actual choice from the capability set *would* matter. So an agent in possession of sufficient process freedom granted with the opportunity freedom to access a hospital (which incidentally will feature as one chosen indicator (G7f) in the re-estimation of poverty in chapter 4 and 5/Part II for Mozambique) for routine examination for instance, who chooses not to go for check-up, won’t be asked or judged in regards for his *reasons* of choice, though shall be reminded of her individual and social responsibility (depending of her status in the family (as a possible household head) her neglect of individual responsibility equals an infraction of her social responsibility).

This above point is particularly important for evaluations of development projects funded by external donors. If agency freedom and individual responsibility is

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<sup>76</sup> Sen himself actually proposed to focus in specific evaluations on the exact circumstances of a choice, which includes a description of individual responsibility. This is what Sen called “situated evaluation”, in certain cases important to achieve his positional objective postulate. As an example he refers to situations of active harm (murder) (Sen 2000a in Alkire, 2005: 123). However, it was also Sen who warned of overambitious empiricism: “The Scylla of empirical overambitiousness threatens as much the Charybris of misdirected theory” (1985: 45 in Alkire, 2007: 3)

taken seriously, decisions of people who receive financial and other assistance have to be taken sincerely into account. It is a distinct feature of contemporary funding schemes that assistance, if not attached to formal conditionalities, is nevertheless somehow adhered to a form of moral conditionality (as development aid is in light of the well-known *domestic revenue problem*<sup>77</sup> always scarce, those rare funds provided are morally impinged to be used most effectively<sup>78</sup>). While any form of accountability is stringent important to ensure that resources are used to unfold their full potential, the relevant (ethical) question is which standards for evaluation count, etc notions from external donors or emic realities of aid recipients. In acknowledgment that this is a thin line and reason for discussion, this thesis stresses greatly the importance to place the last first, that is, to respect the reasons of aid and policy recipients for their actions, even though they might not always appear “logic” in the eyes of the donor or other externals. This way of reasoning is especially in line with the notion of sustainability and that poverty is (partly) constituent of being *voiceless*. This demand goes hand in hand though with the call to recipients to adhere to individual and social responsibility, wherefore Sen’s recommendation to direct funding (and policy) flows at *women* as particular responsible agents is warranted (a point which shall enjoy further discussion in 6.1/Part I and 3.1.2/Part II).

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<sup>77</sup> The “domestic revenue problem” states that revenues produced in the “west” are morally thought of to be used for fixing issues and problems *domestically*, as opposed to give it away for charity or meeting aid commitments. This *psychological* feature has been identified as among the reasons why most industrialised nations do not fulfil their self-obliged target of providing 0.7% of their GDP for development aid and assistance (the average country effort of the OECD/DAC countries in 2008 was 0.47% (OECD, 2009)).

<sup>78</sup> Some commentators are certainly harsher in their assessment of the same situation than I am. Fisher et al. states for instance that “there remains a pervasive tendency for donors in the West to ‘expect that the recipient of their philanthropy will be duly appreciative’” (1981: 368 in Carr, McAuliffe, MacLachlan, 1998: 189).



## 4.5 Individualism

A further concern regards the CA's focus on the individual. While most of Sen's empirical work has highlighted distributional disadvantages and inequalities within the household and the society at large<sup>79</sup>, it just appears consequent that the CA concentrates on the individual as the normative unit of his framework. Subsequently, as Robeyns (2005a: 107) points out, criticism emerged that the CA is too individualistic, that it operates with the notion of atomised individuals detached of their social environment<sup>80/81</sup>. I would certainly argue in line with Robeyns, that due to the innate diversity of human beings and empirical found inequalities it is only fair to place the individual in the centre of an evaluation. It is thus possible to claim the CA *ethical* individualist within an ontology that "recognizes the connections between people, their social relations, and their social embedment" (Robeyns, 2005a: 108). This is to be distinguished from *methodological* and *ontological* individualism. Methodological individualism postulates "that everything can be explained by reference to individuals and their properties only" (Robeyns, 2005a: 108); ontological ~ states in contrast that "only individuals and their properties exist, and that all social entities and properties can be identified by reducing them to individuals and their properties" (Robeyns, 2005a: 108).

Both latter claims in regard to the CA are certainly incorrect, as it pays sufficient attention to social-environmental conversion factors, which firstly determine how well

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<sup>79</sup> Another worth recalling experience in the life of Amartya Sen has been the famine in Bengal in 1943, which caused the death of 2-3 million. Sen himself did not recognise any significant signs of this catastrophe in his proximate living circles in Santiniketan, as the famine only hit those vulnerable strata at the bottom of society: "I had been struck by its thoroughly class-dependent character. (I knew of no one in my school or among my friends and relations whose family had experienced the slightest problem during the entire famine; it was not a famine that afflicted even the lower middle classes - only people much further down the economic ladder, such as landless rural labourers.)" (http 5). This experience has been crucial for his subsequent writings on inequality and vulnerability.

<sup>80</sup> Robeyns states that most of these discussions take place at seminars and conferences.

<sup>81</sup> Another possible explanation for this claim may rest in the problem to operationalize the individualistic CA methodologically, as already outlined in chapter 3.10/Part I.

commodities can be converted into functionings, and secondly have an influence on choices being made. Ethical individualism doesn't exclude moreover that decisions can be made collectively in groups (for instance the family or community), neither does it deny that ethical and ontological trade-offs appear, for instance when the child opts to leave the household to fulfil one's own agency, which can be perceived by family members and friends as an act of abandonment indeed.

A further question in regard to ethical individualism is of how individual well-being should be evaluated in light of an accomplishment of a group. Medieval cathedrals in Europe for instance are enjoyed collectively as a social good of positive value (an achievement only possible with an collective effort), however, the toll on individual well-being for those workers who built them had been enormous, for which reason contemporary architecture is more modest (Alkire and Deneulin, 2009b: ch.2). Another point of ambiguity concerns time and a generation's legacy. The environmental debate on the effects of the current generation's well-being on the cost of its most vulnerable and least responsible members, as well as for the next generation, is characterised by an enormous amount of ambiguity in regard to ethical individualism<sup>82</sup> (Alkire and Deneulin, 2009b: ch.2).

While the CA cannot answer all these ambiguities which are ontologically so important, it ultimately refers to a demand of responsibility individuals should show as deliberated agents. After all, it might be indeed worth questioning whether the alternative, an ethical collectivism, would produce so much better results or lesser ambiguities.

As of this, the CA can be certainly labelled a people-centred approach, which ethically focuses on the agent as an individual, a normative demand which faces severe

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<sup>82</sup> This debate makes the proposition to extend social evaluations beyond one's own utility even the more compelling.

complications of being methodologically translated though. Demanding public policy and social programmes has in turn the role to “expand the realm of human agency and freedom, both as an end in itself and as a means of further expansion of freedom” (Drèze and Sen 2002: 6). Being a framework which is people-centred *and* liberal at the same time is surely a balance act. Empirical applications of the CA are thus required to be tailor made to take these seemingly opposite poles into account.

#### **4.6 The adaptation discourse**

A further discussion concerning the CA surrounds its utility critique, namely that of adaptation and mental conditioning. Both have been identified as among the main limitations of utility as a concept for well-being (chapter 3.2.2/Part I). Indeed, it is a problem which for utilitarianism is inescapable, as mental/ subjective well-being stands at the *centre* of the approach. This is to a lesser degree an innate problem of the CA, which primarily is concerned with opportunity freedoms as opposed to the agent herself. However, mental conditioning poses problems for the CA in two ways: firstly in the choice of valuable capabilities for the capability set and secondly for the actual choice from it.

Whereas the second point can be solved by hinting towards the *liberal* notion of the CA regarding the individual as a heterogeneous and responsible agent (in case the agents’ process freedom is not inhibited), it is actually the first point which poses severer challenges. Sen is advocating to determine valuable capabilities in regular deliberative democratic sessions, which has strong features of the participatory research methodology, to be discussed in chapter 5/Part I. The problem is that if adaptation prevents the usage of utilitarianism as a proxy of well-being, *argumentum e contrario*, why should and how could poor people be reasonable analysts of their own living

situations?! Although the question is legitimate, there are three good ways to answer it: the first is that participatory research to determine valuable capabilities is always to be triangulated with quantitative and further qualitative findings (thus Q-squared, as advocated for in this thesis), in order to achieve the most authoritative findings. The second relates to the level of empowerment, voice and validation the poor receive if analysed through participatory research. These features might be lesser achieved by illuminating solely a person's subjective well-being. The third regards the attitude of policy makers/ researcher/ and the like working with poor people, who might be prone to develop a privileged elitist conception of development and well-being in absence of participatory research and mental inquiry (Clark, 2009: 35).

Thus, mental conditioning is a problem that features in the CA. However, it can be legitimately addressed by its liberal stance towards the agent and the demand to triangulate participatory research findings with further methodological techniques.

#### **4.7 Old wine in new bottles?**

From the above discussion it might strike experienced *social scientists* and *sociologists* that nothing named can be considered really new, that it is somehow *old wine in new bottles*<sup>83</sup>. Indeed, while Sen and other capability analysts are not the first epistemic group who demand public spending and action on sectors such as education, health, but also culture, heritage conservation, *inter alia*, it is, however, Sen's accomplishment to provide for the first time a coherent normative framework to somewhat *order* these social studies already conducted, which, of course, is open for context-specific application and intellectual 'fine-tuning'. As Robeyns write:

a crucial distinction is that the capability approach gives a consistent normative framework to place these scattered studies, thus providing a

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<sup>83</sup> Or as asked by Robeyns (2002a): "Reinventing the wheel?"

sort of theoretical umbrella for existing empirical work. Moreover, the capability approach makes it theoretically very clear how different dimensions, such as commodities, observable outcomes and unobservable opportunities are related. Empirical and theoretical work, or micro and macro work, thus become much more connected. In addition, because of its inter- or post-disciplinary character, the capability approach offers a framework in which scholars and policy makers from different disciplines can easily meet (2002a).

Another favourable argument for the CA, at least from my personal point of view, is its ideal application of subtle psychology in regard to policy prescriptions and public actions. Depending on the way poverty is evaluated and measured, it will greatly influence and determine policy and public (re)actions (as outlined in chapter 1 and 2/Part I). For instance, measuring poverty via the US\$1/ US\$2 a day threshold will ultimately spark policy responses focussing on an economic performance considered necessary to boost those people coined poor above this artificial line. However, while doing so, it is perfectly *possible to avoid* public spending and economic facilitation, and actually cut down on social-economic support mechanisms (a “fierce” approach to development), thus allowing neo-liberal policies to flourish, while ignoring its adverse effects on social inequalities proved numerous by empirical documentation<sup>84</sup>.

Evaluating and/ or measuring poverty as multidimensional capability deprivation, however, will hardly result in neo-liberal policy prescriptions, neither in an endorsement of a “trickle-down” effect. In fact, a fair discussion of what constitutes a person’s capability will inevitably result in the due acknowledgement of external and *active* support mechanisms providing “real opportunities” for individual permutation. Through this reasoning Sen found a way to manifest his demand for (public)

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<sup>84</sup> On the adverse effects of neo-liberalism in development policy and practice, especially in regard to the World Bank’s Washington Consensus’ stringent request for fiscal discipline under its austerity programs during the 1980s and 1990s, which, among others, entailed cut downs on social programmes and expenditures, please be referred, among others, to Stiglitz (2002), Chang (2002), Beeson and Islam (2005), Tickell and Peck (2003). A thorough neo-liberal critique will also feature in Part II of this study, for the case of Mozambique.

investments and initiatives in such areas as the economy, health care and education *at all times*, even during an economic slump, notions he worked out empirically in onerous studies on poverty and destitution. Thus, while the unmet demand for “friendly” development practices has left many social scientist, development workers, philosophers and economists disillusioned as of a “government’s ability to decide on any notion of the social good” (Robeyns, 2003a: 50), the CA may re-spark that belief, as it has active citizenry, public action and investments *inherently* incorporated in its skeleton at an early structural level, and not as an afterthought or possibility for consideration only<sup>85/86</sup>.

#### **4.8 One size fits all?**

Another feature of Sen’s CA is that its “deliberate incompleteness” in regard to the capability selection inhibits an identical application to varying cases (Sen, 1993: 47). This incompleteness is also considered in regard to value judgements inherently required for empirical applications of the CA. For instance, Sen doesn’t answer as to what to focus on in an evaluative exercise for an individual in regard to the in chapter 3.6/Part I described distinctions between well-being freedom/ achievement or agency freedom/ achievement, other than that the judgement must relate to the capability and/or functioning space. The other sole hint is that in social *comparisons* the evaluator should perceive the CA as a proposition, and thus focuses his comparative analysis on the capability space. This attitude determines the CA as a framework and development paradigm only, as opposed “to a closed theory or (...) a dogma” (Robeyns, 2003a: 17).

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<sup>85</sup> This being said, it remains context-specific as of what particular actions and policy prescriptions are actively pursued (keyword “deliberate breadth” (chapter 3.9/Part I)).

<sup>86</sup> The danger that the poor remains forgotten in policy prescriptions is eminent. In an article published in the online edition of Times Magazine (24 February 2009), Stiglitz highlighted the discrepancy in supporting the global financial system (following the 2008/9 financial world crisis) with large rescue packages whilst the weakest remain mostly supportless to cope with the consequences certainly most severe in the global south (2009).

#### **4.9 Martha Nussbaum's CA and her list of 10 central human functional capabilities: a forceful demand for justice?**

Up to this point the CA has been predominantly discussed as in Sen's notion of it, only when the analysis strived capabilities more closely light was shine on the notion of the CA as of Martha Nussbaum, the other main theorist on this subject (chapter3.5/Part I). Martha Nussbaum is a distinguished American philosopher, with succinct credentials (and probably most known for) in ancient Greek and roman philosophy, political philosophy, moral philosophy, ethics, and feminism. However, she also worked in the 1980s with Sen on the development of the CA and was among the co-founders of the HDCA in 2004, of which she hold the presidency from 2006-2008 ([http 2](#)). Her two main and most popular works on the CA are *Women and Human Development: The Capabilities Approach* (2000b) and *Frontiers of Justice: Disability, Nationality, Species Membership* (2006).

While both, Sen and Nussbaum, collaborated closely on the philosophical foundation of the CA, precisely the distinct Aristotelian roots, the analysis of Rawlsianism, and the critic of economic growth and traditional utilitarianism as proxies for well-being and poverty analyses, they differ quite distinctively in their subscription of an alternative evaluative framework. In fact, it might be argued that beyond their common depreciation for those contemporary mainstream evaluative frameworks of social arrangements, they have very different ideas of the *alternative*. While both notions of the CA hold common to focus on humans as ends and on substantive freedoms as constitutive parts of development, it is indeed the analytical "vesture" which is different, as are the expectations towards political actions. In this respect both notions will certainly attract people who share not only a mutual vexation for the current state of contemporary evaluative assessments of social arrangements, but also

who might hold very different notions as of what should be done about it (although it is the latter point which is source of a great deal of discussion).

In the subsequent analysis of the differences between the two versions it will become apparent that I personally favour Sen's notion of the CA, mostly due to ontological and epistemological reasons, but also because of a foundational unease I feel in regard to the role of the agent in Nussbaum's framework, and, to a lesser degree howbeit, her political stance towards classical liberal philosophy. In this critique of her work however, needless to say conducted with the most due respect, some readers might find particularly those answers to questions Sen's framework might have been unable to address.

As the philosophical foundation of Martha Nussbaum is mostly coherent with that of Amartya Sen, the analysis starts off with probably one of the most important distinctions between those two, which is that of *objective setting*. Both set out to achieve different political aims with their work on capabilities, stemming from the very distinct academic backgrounds they are coming from.

As a moral philosopher and feminist, Nussbaum aims to “develop a partial theory of justice, by arguing for the political principles that should underlie each constitution” (Robeyns, 2005a: 103). Unlike Sen, she doesn't frame her ambition around capability expansion; neither does she pursue equality in the capability space. She rather approaches the CA from a moral-legal-political philosophy angle, “with the specific aim of arguing for political principles that a government should guarantee to all its citizens through its constitution” (Robeyns, 2005a: 103). She thus argues for a *universalistic* understanding of the CA, through the development of 10 *central human functional capabilities* that should be endorsed by *all* governments, through



constitutional guarantees, human rights legislation and development policy (Nussbaum, 2000: 74-75):

1. *Life*. Being able to live to the end of a human life of normal length; not dying prematurely, or before one's life is so reduced as to be not worth living.
2. *Bodily Health*. Being able to have good health, including reproductive health; to be adequately nourished; to have adequate shelter.
3. *Bodily Integrity*. Being able to move freely from place to place; to be secure against violent assault, including sexual assault and domestic violence; having opportunities for sexual satisfaction and for choice in matters of reproduction.
4. *Senses, Imagination, and Thought*. Being able to use the senses, to imagine, think, and reason - and to do these things in a "truly human" way, a way informed and cultivated by an adequate education, including, but by no means limited to, literacy and basic mathematical and scientific training. Being able to use imagination and thought in connection with experiencing and producing works and events of one's own choice, religious, literary, musical, and so forth. Being able to use one's mind in ways protected by guarantees of freedom of expression with respect to both political and artistic speech, and freedom of religious exercise. Being able to have pleasurable experiences and to avoid non-beneficial pain.
5. *Emotions*. Being able to have attachments to things and people outside ourselves; to love those who love and care for us, to grieve at their absence; in general, to love, to grieve, to experience longing, gratitude, and justified anger. Not having one's emotional development blighted by fear and anxiety. (Supporting this capability means supporting forms of human association that can be shown to be crucial in their development.)
6. *Practical Reason*. Being able to form a conception of the good and to engage in critical reflection about the planning of one's life. (This entails protection for the liberty of conscience and religious observance.)
7. *Affiliation*:
  - Being able to live with and toward others, to recognize and show concern for other human beings, to engage in various forms of social interaction; to be able to imagine the situation of another. (Protecting this capability means protecting institutions that constitute and nourish such forms of affiliation, and also protecting the freedom of assembly and political speech.)
  - Having the social bases of self-respect and non-humiliation; being able to be treated as a dignified being whose worth is equal to that of others. This entails provisions of non-discrimination on the basis of race, sex, sexual orientation, ethnicity, caste, religion, national origin and species.
8. *Other Species*. Being able to live with concern for and in relation to animals, plants, and the world of nature.
9. *Play*. Being able to laugh, to play, to enjoy recreational activities.
10. *Control over one's Environment*:

- *Political*. Being able to participate effectively in political choices that govern one's life; having the right of political participation, protections of free speech and association.
- *Material*. Being able to hold property (both land and movable goods), and having property rights on an equal basis with others; having the right to seek employment on an equal basis with others; having the freedom from unwarranted search and seizure. In work, being able to work as a human being, exercising practical reason and entering into meaningful relationships of mutual recognition with other workers (Nussbaum, 2000: 78-80).

The list is always open for revision, hence one needs to look at the most recent version of it. Nussbaum, who claims her list is the result of introspection and “years of cross cultural discussion” (2000, 76), has not, at least to my knowledge, revised her list since the first compilation in 1990, although some changes appeared in the descriptive contents (Clark, 2006: 7). According to her, the list “isolates those human capabilities that can be convincingly argued to be of central importance in any human life, whatever else the person pursues or chooses” (2000: 74).

While the list has for some commentators strong features and in itself is to a lesser degree open for criticism (in effect, the list compiles some nice and positive capabilities, which can be argued is a good source of inspiration and a useful guide), it is more importantly the epistemological assembly and underlying ontology which is the greatest source of discussion among capability theorists. Due to its importance the discussion of it will take place in an extra sub-points (4.9.5/Part I). As for now, the analysis will focus on other aspects considered open for argumentation and criticism, namely that of agency freedom and the place of Nussbaum’s CA within a wider political school of thought.

#### **4.9.1 Liberalism and agency freedom**

In contrast to Nussbaum, who worked on the CA to see it embodied in constitutional guarantees, Sen’s objective for his CA has developed only at later stages

of his writings and was rather concerned with the question of *Inequality of What?* in liberal political philosophy (Robeyns, 2005a: 104). Influenced by Rawl's theory of justice, he argued that there are valid and good reasons to focus on equality in the capability space rather than on primary goods, as endorsed by Rawl. His theoretical thinking was also very much influenced by the vast amount of empirical work he conducted on poverty, destitution and development in developing countries, carried out time-consumingly throughout his career, with some of which has been outlined in this thesis. His empirical observations *supported* his theoretical reasoning that the focus of development policy should be on what people can do and could be. As a social choice theorist, "the field that launched his academic career", Sen was very much familiar with mathematical reasoning and frameworks, which is reflected in his works on the CA (Robeyns, 2005a: 104).

These two very distinct academic upbringings of Nussbaum and Sen are reflected in the notions of capabilities both have. Whereas Sen understands capabilities primarily as a real or effective opportunity at the disposal of the individual (as in social choice theory), Nussbaum's notion of capability, coming from the field of humanities, is much more people-centred, with a focus clearly on the agent herself. She is concerned with "people's skills and personality traits" (Robeyns, 2005a: 104), as reflected for instance by the capabilities to show emotions, to play or to show practical reasoning. Whereas some commentators favour Nussbaum's more people-centred interpretation of capabilities as it carries the potential to better understand meanings, actions and emotions (De Gasper and van Staveren, 2003 in Robeyns, 2005a: 104), others favour Sen's approach (mostly economists), as it is closer to economic theory (Robeyns, 2005a: 104).

A valid question in my opinion is to what extent Nussbaum's list, with its strong focus on emotions, senses, imaginations and thoughts, can be considered not only *liberal*, but also what role can be prescribed to external state and non-state actors to support the development of these capabilities? For instance, to what extent is the, very internally developed, capability of emotions influenced externally? Certainly, human development in this sense, as I would argue, has a strong gender dimension to it. As Robeyns put it in her PhD analysis of mainstream economics and the study of over-all gender inequality and well-being:

while women in western societies are worse off than men in many dimensions, there are also strong suggestions that men fare worse with respect to interpersonal relations and social support. 'Emancipation' then becomes much less an issue of getting women into jobs, but more radically about abolishing gender as we know it (2002b).

In acknowledgement of the growing literature not only on gender (in)equality, but also on the possible, active support for the development of personally traits and skills (positive psychology, to be further outlined in chapter 6/Part I), nevertheless valid questions remain as of how this should be firstly implemented practically, and secondly whether people with a lesser developed sense of emotions can justifiably labelled deprived, without being unfair and exclusive to many people in any given society who have a "rougher edge" to their personality. It may indeed appear paternalistic, judgmental and rather non-liberal, if liberal is understood as individual autonomy and freedom, when a moral philosopher, no matter how relevant or liberal her work in general is, wants to convey her introspections and notions of a good life onto others, even though when she claims her selection has been greatly influenced by observations in the field<sup>87</sup>. As of the sensitivity to bridge a people-centred framework not only with a

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<sup>87</sup> Having said this, that I consider her list as rather non-liberal does not exclude the general fact that Nussbaum, as a feminist, moral philosopher and *lawyer for humanity and multiculturalism*, is indeed of a

strong gender dimension (clearly identified as among the causers for ill-being of women especially), but also with a positive notion towards liberty and individual heterogeneity, this may certainly be an issue for further discussion for advocates of human development in general.

Sen's context specific setting of capabilities, on the other side, is surely a more complex and time-consuming task for researchers, practitioners and the like, and may not end up of having this strong gender dimension to it from the start. However, as these are sensitive issues which often require time and personal insight, especially in predominant paternalistic societies, it might be argued that if personality traits would end up in a list, it surely would be of inner convictions within a greater part of society, and not of outside argumentation (however valid it surely is from a moral perspective and in acknowledgement that this can be actively pursued indeed by (external/internal) critics, and the like).

#### **4.9.2 Looking at Sen and Nussbaum: tracing the roots**

After having outlined the different notions of Sen and Nussbaum in regard to liberalism and agency freedom, the discussion will continue to trace the roots of both scholars, in order to understand these differences a little clearer. As in regard to Sen's more liberal notion of the agent, which sets himself apart from Nussbaum not only philosophically (as in liberalism), but also from the notion of the agent, which in his understanding, comprises well-being and commitments, a differentiation Nussbaum does not make explicitly<sup>88</sup>, it was certainly his own very distinguished upbringing that

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liberal spirit, although, because of these fields of studies, she has a distinct understanding of liberalism (see for instance her feminist critique of liberalism, 2000a). As this discussion is beyond intention and scope of this thesis, I'd rather like to make my concern heard limited to her list only.

<sup>88</sup> It is important to note that Nussbaum, unlike Sen, does not distinguish explicitly individual advantage in categories of well-being and agency. She rather considers this implicitly incorporated through

had influenced him to develop these view points, something he found confirmation in during his later career through empirical studies and philosophical reasoning. Without going into too much detail, it is nevertheless worth noting that he spent part of his pupil years at Tagore co-educational school in Santiniketan, India, at which the curriculum was certainly progressive:

The emphasis was on fostering curiosity rather than competitive excellence, and any kind of interest in examination performance and grades was severely discouraged (...). The curriculum of the school did not neglect India's cultural, analytical and scientific heritage, but was very involved also with the rest of the world, including the West, but also other non-Western cultures, such as East and South-East Asia (including China, Japan, Indonesia, Korea), West Asia, and Africa ([http 5](#)).

Pupils were encouraged to choose their own curriculum, depending on personal interests and preferences, however didn't face the external pressure of doing so. In a video conversation with Harry Kreisler, accessible over University of California Television, Sen stresses the great amount of freedom, choice and curiosity which underpinned this philosophy of teaching ([http 8](#)). This experience certainly shaped Sen's notion of the importance of positive freedoms, freedom of choice, and human and cultural diversity. However, it also must have influenced him, in absence of outside pressure to attend classes, of the importance of personal responsibility, and the value of commitments beyond desire-fulfilments.

As in respect to Nussbaum, her upbringing in a middle-class/ affluent family has been in suburbia Philadelphia (USA) which also had a great influence on her subsequent writings, most importantly in regard to feminism, inequality and vulnerability. She described her upbringing as "East Coast WASP elite (...) very sterile, very preoccupied

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capability six, practical reasoning, which has "an architectonic role (...) that goes beyond its direct contribution to well-being" (Robeyns, 2003a: 26).

with money and status” (http 9)<sup>89</sup>. Especially her disdain for the important role this neighbourhood assigned to money and social status greatly influenced her mindset: “I don't like anything that sets itself up as an in-group or an elite” (http 9; 10). She also attended an intense feminist school, which shaped particularly her notion that feelings and emotions are constituent elements of a good life, and during her University education in Harvard was greatly influenced by Hilary Putnam and John Rawls, with whom she had personally contact (http 18).

As her list is based on the epistemological tool of *introspection*, and because she departs from an ontological notion of *internalist (Aristotelian) essentialism* (Nussbaum, 1992: 208), which is analytically related to *internal realism* as coined by Hilary Putnam (1987; 1990), it appears that her list has been greatly influenced, as much as Sen has been, by her own personal upbringing and academic influences. Her notion of *essentialism*<sup>90</sup> is prudent in her writings, and her theoretical reasoning outweighs the degree of empirical observations she has been exposed to. Nevertheless, her ontological view-point is essentially one of a middle-path between essentialism and relativism, whereas the relevant question is in how far she practically succeeds in implementing her theoretical mid-way.

While this particular ontological *order*<sup>91</sup> (and the epistemological tool of introspection as the predominant methodological approach) is contemporarily very much disputed in the interdisciplinary discourse in poverty studies, a point of further discussion conducted subsequently, it certainly explains her direct focus on the agent herself, her universal claim for her list, her more forceful demand for justice, and, very importantly, her lesser positive attitude towards the “good” human nature and

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<sup>89</sup> WASP (White Anglo-Saxon Protestant).

<sup>90</sup> Nussbaum's “internal essentialism” is partly a reaction to the negative connotation the word “essentialism” has acquired (Nussbaum, 1992: 243, fn. 6).

<sup>91</sup> First essentialism, then relativism

behaviour, which only pursues functionings in life which are valuable, thus non-evil or harmful. She is certainly of greater scepticism in regard to the human apparatus, and the role social status, ego(ism) and respect plays in society, and repeatedly urged Sen to select a list himself, because otherwise, “any capability could be argued to be valuable, including, for example, the capability to abuse one’s power or consume so much that it harms others”<sup>92</sup> (Nussbaum, 2003 quoted in Robeyns, 2005a: 106). While Sen defended his notion of the CA against these ambiguities of the *homo sapiens* with respect to its liberal stance towards human heterogeneity and diversity, but also with his repeated remark that empowered individuals are thereafter assigned with *social responsibility*, Nussbaum aims to defend her version of the CA by anchoring her list of purely *good* capabilities at constitutional level. As of these two notions of the CA, it is worth exploring the discussion of the human nature and behaviour in a more detailed fashion.

#### **4.9.3 Human nature**

Many theorists in western philosophy, foremost Machiavelli, Hobbes, Nietzsche and Freud, adopt a more critical stance towards the nature and being of humans, which is that of the *homo homini lupus* (“The man is a wolf to man”). Departing from this notion, many (conservative) analysts follow Hobbes in his argumentation “that strong governments and rigid moral codes are necessary to prevent evil” (Kekes, 1998 in Fiala, 2004: 90). Arguing from the opposite angle, liberals, pacifists or anarchists follow rather Rousseau “that if human beings were not corrupted by (...) social forces, we would all be able to get along better” (Fiala, 2004: 90).

Empirical evidences suggest that the homo apparatus is actually a combination of both; it has the capability to show empathy and morality, while struggling with its

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<sup>92</sup> Here her more sceptical attitude towards the human good shines through, which hints towards the importance to scrutinize a capability selection very carefully.



fear of “the other” and “the unknown” (Traub, 2009). To prove scientifically the former, it is worth recalling a study conducted at the *Dipartimento di Neuroscienze*, University of Parma, Italy in 2005, which showed that a general neural mechanism (“mirror mechanism”) “enables individuals to understand the meaning of actions done by others, their intentions, and their emotions, through activation of internal representations coding motorically the observed actions and emotions” (Rizzolatti et al. 2005; see also Rizzolatti et al. 2007). The study is considered to have found the biological base for empathy (Traub, 2009)<sup>93</sup>, in which the capacity for empathy appears to be a critical component of our morality (Cline, 2005). This assessment seems approved by empirical studies on morality by Dutch ethologist and primatologist Frans de Waal (2009), who conducted a long-term study on the behaviour of apes and monkeys. He concludes that morality is actually a gift from animal ancestors and that people are good not by choice but by nature. In his view critics fail to see that while animals are not human, humans are animals. This assessment in turn has been somewhat approved by US psychologist Marc Hauser (2006), who in analysing the capacity to make moral decisions concludes, in analogy to Chomsky’s linguistic theorem, that humans have a universal moral grammar, an instinctive, unconscious tool kit for constructing moral systems (Traub, 2009).

However, as much as morality and empathy are emotional features of nature/ evolution, the crux with the evolutionary-theoretical model is that it is conditioned by upbringing, experiences and social contexts, and that it thus can be unlearned and forgotten. It is indeed not empathy as such with which humans are equipped by nature; it is the *capability* to show it. As of this reason, emotionality has to be trained (“use it or lose it” (Traub, 2009)).

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<sup>93</sup> This discovery certainly justifies the re-emergence of Husserl’s work on empathy and inter-subjectivity in the public discourse.

This hypothesis seems approved by long-term studies on the human evil. After the second world the scientific interest accelerated in the genetical, psychological and social individualities of mass-murderers and perpetrators of crimes against humanity (with the aim to find patterns to prevent the re-occurrence of these unique features of mankind (the collective killing of one's own kind is unequalled in animality). German social-psychologist Harald Welzer (2006) for instance analysed psychological profiles of perpetrators of genocide acts during the Holocaust, in Yugoslavia and Rwanda, and concluded that the only peculiarity and commonality of the perpetrators has been a rather low level of empathy<sup>94</sup>.

What does this discussion entail for the CA? For Nussbaum, her view of the human nature is probably closer to Rousseau, that “self-love is limited in primitive man by pity, “an innate adherence to see beings suffer that resemble him”” (Rousseau, 1967: 201 in Fiala, 2004: 91). In turn, she is arguably sceptical in an Hobbesian sense that pity, empathy, and compassion are insufficient to ground a public policy based on justice (Nussbaum, 2001: part III). Therefore she demands for a “more developed notion of compassion (that) must go beyond immediate identification with the sufferer and include the idea that the suffering is not deserved – an idea that leads to the question of justice” (Fiala, 2004: 92). Upon this reasoning she concludes to see her list of “good” capabilities incorporated at constitutional level universally, a notion grounded in essentialism and in what certainly appears to be a Hobbesian doubt in the human good.

Sen on the other side is probably safe to locate closer to the evolutionary-theoretical model of the emotional resonance to morality and empathy, which is to be constantly trained in order to avoid numbness through social conditioning. For him, social contexts and the “pervasive human diversity” are “empirical facts” to work with

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<sup>94</sup> “Die einzige Auffälligkeit bei den Angeklagten” habe in einem “eher geringen Empathiepotential” bestanden” (Traub, 2009)

(1992: xi, 117 in Comim, 2001: 5-6). This is reflected in his writings, which do not seem to have a Hobbesian element, though which repeatedly stress the important obligation to perceive “individual freedom as a social commitment” (Sen, 1999: 282 (chapter 12)).

In sum, for the CA in general it is certainly useful to have strong empirical observations hinting towards the universal existence of an emotional awareness within nature, as the framework builds strongly on aspects important for any equality claim, such as morality and empathy (but also responsibility). However, as for Nussbaum, it might be insufficient to judge social arrangements (which include studies on poverty) universally upon an internalist essentialist view, as arguably in contrast to other issues with a justice dimension. Because of the importance of this discussion the point will be further discussed at a later stage of the chapter (in subpoint 4.9.5.1/Part I). For now however, the analysis continues with a few more *down to earth* problems in regard to Nussbaum’s list.

#### **4.9.4 Control, Nussbaum’s list as an entity, benevolence, one-size-fits-all - critique continued**

Additionally to the unease Nussbaum’s list caused in regard to universalism, liberalism and the role of the agent, there are further issues with the list which appear problematic. First off, whereas Sen states that freedom should not be confused with who holds direct control levers over its operation, Nussbaum wants to assign the individual exactly this aspect of it, through capability ten (“control over one’s environment”). Although the descriptive content of this capability deals precisely with political and material rights and opportunities, she nevertheless might want to reconsider that label. This is in order to avoid confusion as of whether she might postulate an *ontological*

*individualism*, as critically assessed in chapter 4.5/Part I (which in my understanding would be the only viewpoint that could logically assign a person control over one's environment).

Another problem with Nussbaum's list appears when she argues that her list of 10 capabilities has to be seen as an entity, with one missing capability constituting an *absolute* defection in the quality of life (Nussbaum, 2006: 71)<sup>95</sup>. With this way of reasoning she opens her list up to a kind of criticism in which one has to merely identify one conflicting argument in her list of ten, to question her work entirely. To argue in her favour, she considers her list a universal minimal standard each human being should be granted to enjoy, which seems *per se*, at least from a moral perspective, a reasonable demand.

Furthermore, while Sen's liberal notion of the agent and the importance he assigns to individual and social responsibility may appear too positive and naive to some, Nussbaum has to face criticism of being overly optimistic in regard to the role she assigns to governments. Many authors, especially situated in the epistemic communities of "post-structuralism, post-colonialism, post-modernism and critical theory", have "criticised her belief in the benevolent government" (e.g. Menon, 2002 in Robeyns, 2003a: 25). While Sen stresses the importance of social responsibility in his framework, he contrarily to Nussbaum assigns this responsibility onto actors beyond any current administration, such as social fora and interest groups of the wider public.

Lastly, constructing the world following a "one-size-fits-all" thinking, despite its practical attractiveness, proved problematic in development policy making, as observed throughout the prime decades of the neo-liberal supremacy in international institutions such as World Bank and IMF (throughout the 1980s and 1990s), in which the

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<sup>95</sup> For clarification: this doesn't mean that disabled people cannot live a rich and satisfying life in full dignity; it rather means that people with disabilities require more care (Nussbaum, 2006: 168).

“Washington Consensus” was prescribed regardless of the specific circumstances of recipient countries. Although I do not, by no means, intend to place Nussbaum’s list of human capabilities in the same line with the neo-liberal economic agenda, it is certainly questionable whether her internal essentialism can do great help from a *normative* perspective (this is despite the practical usefulness her list can have in evaluations struggling under time and financial constraints). This critique holds strong even though she repeatedly stressed that her list is a list of highly general capabilities, which should be tailored specifically by local people (Nussbaum, 2000/ 2003).

In sum, it certainly appears that Nussbaum is more radical in demanding justice from governments, and is framing her CA more directly around the agent/ person herself. Probably even more than Sen, she is hereby concerned with *human* development. Her framework might thus stronger appeal to readers looking for something with, what she calls “bite for justice” (Nussbaum, 2003), which at the same time is concerned about human beings living sensitively and in harmony with themselves and their environment. Hence, some of the criticism mentioned might be reason to refrain from her work, while it is precisely of the same reasons it might attract.

#### **4.9.5 Ontological and epistemological considerations between Sen and Nussbaum: choosing capabilities**

In this part of the thesis I will discuss some of the more problematic and complicated issues in philosophy, which are those of ontology and epistemology. While it will deal greatly with Nussbaum’s list of universal capabilities vs. Sen’s context-specific selection, it should be seen as a continuation of the above critique of Nussbaum’s list. Moreover however, this section will aim to link this particular

discussion to the wider philosophical discourse taking place in the contemporary study of poverty.

#### **4.9.5.1 Nussbaum's ontology – internalist (Aristotelian) essentialism and internal realism**

To start the analysis off, I will firstly discuss the ontological notion which underpins Nussbaum's list, which is that of internalist (Aristotelian) essentialism (Nussbaum, 1992: 208) and internal realism (Hilary Putnam, 1987; 1990). Internalist essentialism is an understanding of the world which roots in Aristotle's method of social criticism. In effect, it is a mid-way between essentialism, the notion that there are essential human values and capabilities universally important to live a fulfilling human life, and relativism, the notion that those values and capabilities can be "recognised only by studying them as they are manifested in the respective context of a variety of societies" (Ackerly, 2000: 95).

This middle notion can be labelled as being (objectively/ invariantly) universal, though one which is (subjectively) interpreted by varying societies under their particularities. Her ontology is in line with Putnam's internal realism, which holds the view that although the world may be *causally* independent of the human mind, the structure of the world, its division into kinds, individuals and categories, is a function of the human mind, and hence the world is not *ontologically/ metaphysically* independent (Putnam, 1987/ 1990).

Both versions of realities set themselves apart from *metaphysical realism*, the notion of the existence of an external world which is causally *and* ontological

independent of the conceptualisations of the human mind (a notion Putnam actually defended before changing his mind in the late 1980s)<sup>96</sup>.

From an internalist essentialist view, “internal” social values of a given social context can be criticised against those universal/ essential human values (Nussbaum and Sen, 1989 in Clark, 2006: 7), and thus the role of the social critic is to “criticize social values of a given society if they are obstacles to some people’s capability to live a fulfilling human life” (Ackerly, 2000: 95).

As her list is drawn upon her partial theory of justice, it has to have answers to the various justice dimensions conceivable, including poverty. As shall be seen, this turns out of being problematic. To think of justice dimensions which are more receptive to her reasoning, I want to name certain areas I’d like to bluntly label two-dimensional from a moral perspective<sup>97</sup>. This includes studies on women’s rights, homosexual rights, labour rights, children’s rights, racism, or humanitarian law, thus areas of study, which demand equal gender, sexual or political status, or which are conducted from a pure humanitarian standpoint; thus areas which concern the protection and restoration of the physical and mental integrity and dignity of every human being on *ethical* equal terms, a claim I fully support.

As of this, a woman should not experience domestic violence, female genital mutilation should not be forced upon young African girls, civilians should be protected during war, and persons should not be disadvantaged due to skin colour or sexual orientation, and so forth. This statement is justifiable, because reasonable and/ or empathetic people have found ethical justifications for it in such diverse writings as in neo-Aristotelianism, post-structuralism, rational choice theory, critical theory, feminist

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<sup>96</sup> As outlined in chapter 1/Part I, this is a relatively rare notion in the contemporary literature on poverty anyway.

<sup>97</sup> Whereas this statement should be enjoyed with all due respect and caution to the sensitivities of the issues to come.

theory, peace philosophy, western or eastern philosophy, religion, humanitarian empathy/ morality, *inter alia*. It thus might be sure to assume that within a room filled with reasonable and/ or empathetic people of diverse backgrounds (intersubjective) consensus *can* possibly be found on the ethical question whether or not the Afghanistan woman who got stoned to death for adultery is a violation of the universal woman's right of bodily integrity, even though that particular woman herself might have been conditioned by that specific social environment to a degree she perceived her death sentence as justifiable. Thus, answering the question whether a person can be deprived of universal rights without *knowing* it can certainly be in the affirmative in particular social justice dimensions, thus in areas which can cause a person's particular state of *ill-being*; in these dimensions Nussbaum's internalist essentialism can serve arguably well (as other philosophies and world-views admittedly).

By no intend to minimise the struggle and complications for justice in these spaces, it appears nevertheless that the relevant question is whether *multidimensional poverty*, in all its contemporarily acknowledged context-dependent *complexity*, *idiosyncrasy* and (often) *counterfactuality* really fits into this category (especially in absence of one-objective-universal-invariant definition of it). Whether a person can be labelled poor despite being subjectively aware of it (Can a person be poor without knowing it?) is a heated debate, which tends to be answered though towards the negation (which sparked the strong emergence of research on subjective poverty). While indeed findings on the human nature point towards universalism in certain areas, such as the capability to show empathy and morality, it nevertheless becomes apparent that the *social* phenomenon of poverty is not only unequalled in animality, it also takes very different forms from community to community and from person to person.



Thus, the internalist essentialist view in regard to multidimensional poverty is an insufficient perception for its study, as it doesn't take note of voice and power, and neither appears sensitive to the *impact* small/ relative differences can have on the absolute state of *well-being* (Narayan et al, 1999). This is because no one can *guarantee* that her demanded update of her list is *practically* followed up from its normative, theoretical reasoning. It certainly exposes itself to the risk of laziness (why bother to update the list when we already have one?), and the danger of mental conditioning (an *a priori* list which gets updated will always differ from one which has to be created from scratch, a crucial point which has had an impact on the questionnaire conducted for the selection of capabilities in Part II for Mozambique (please see Appendix 11 and explications in chapter 4.2/Part II). Finally, the list creates the risk of a certain social imperialism, a point of particular concern in poverty analysis and post-colonialism, which leads to the last danger, which is that essentialism overarches relativism, that is, that the voices of the poor are kept unheard, or to formulate it in the words of the distinguished poverty analyst Robert Chambers, that the last are kept last, and not first (1997) (this argument holds strong although the list certainly assembles morally positive/ *good* capabilities).

For this reason mainly, social rankings (and the poor are always those at the bottom), no matter how flawed or conditioned they might appear to outsiders, are the situation to depart from in an analysis (“Whose reality counts? (Chambers, 1997)).

To conclude hereby, her ontological attempt to determine a list of *fixed* capabilities universally might be labelled a forceful demand for justice in a post-modern world “where everything is possible and almost nothing is certain” (as described 1994 by Václav Havel, the distinguished Czech writer and former president of the Czech

Republic)<sup>98</sup>. However, her universalistic reasoning has some severe flaws in regard to poverty as an issue of justice<sup>99</sup>. And although she gained much admiration and attention from certain epistemic communities (foremost in feminist and gender circles, from moral philosophers and rights advocates), she equally got criticised from scholars and practitioners mostly working on the *interdisciplinary* field of *poverty*<sup>100</sup>. Some commentators suggested avowedly that it is “paternalistic for a middle class North American philosopher to determine capabilities for other cultures and societies” (Stewart, 2001: 1192 in Clark, 2006: 7), especially when there are reasonable and feasible alternatives, some of which are presented subsequently in this thesis.

However, while I consider her ontology too *etic* for the overall study of poverty, I would nevertheless argue that hers might be well suited for the study of certain causes of a person’s *ill-being* (as mentioned), and thus also of interest for the CA. That is, if socio-environmental conversion factors (certain values, cultures and customs) inhibit the exercise of a person’s reasoned agency, it is indeed the task of the critical researcher to allude to these, and an internalist (Aristotelian) essentialism might as well be useful as ground for justification. Thus, if the context-specific community turns *etic* and

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<sup>98</sup> Nussbaum has certainly been critical of some of the fundamental authors considered crucial for postmodernism, most importantly Derrida (de-constructivism) and Foucault (Nussbaum, 1997). She repeatedly defended her modernist universalism against critiques (especially from postcolonial theorists) that accused her reasoning for legitimating structural power relations. Her repeated argument is that abandoning universalism is leading to ethical relativism (Charusheela, 2009).

<sup>99</sup> This is not to say that universalism as such is a problem in regard to Nussbaum and the CA. As it is clear, Sen’s proposition to focus on people’s capabilities is a universal claim, as is the universal claim of freedom as a universal human right; as will be further worked out, universalism in regard to certain human feelings and ethical virtues are further branches in which this claim has been conducted, or the universal claim that humans are equipped by nature with the capability to show empathy and morality. However, “the shoe must fit”, and multidimensional poverty might just be too big of a frame to have it seen universalised.

<sup>100</sup> Her list of capabilities has been influenced by her background as a feminist, moral philosopher and critic/pundit of postmodernism. However, poverty is an interdisciplinary field of study, which liberated itself from unidimensional notions and presumptions of certain academic fields which dominated it for a fairly long time (as will be worked out more clearly in Chapter 5/Part I). In her forceful demand for justice she fails to see that her list neither empowers the poor, nor does it give them the chance to have their voices heard, two important lessons probably learnt from the influential post-modern debate.

detrimental to the individual subject, an individual should be ethically prioritised in an evaluation, and Nussbaum's heavily criticised concept turns adjuvant<sup>101</sup>.

#### **4.9.5.2 Nussbaum's epistemology – introspection and field work**

The above discussion of Nussbaum's ontology was rather critical as of being useful for the study of multidimensional poverty, as opposed to other issues of social justice concerns. Another branch of criticism her work on capabilities has attracted regards her epistemology for the compilation of the list. In fact, epistemological criticism greatly overarches criticism on her ontology (Clark, 2006: 7).

Nussbaum's methodology to portray her list was threefold: firstly, she used introspection, the internal reflection using practical reason. Secondly, cross-cultural academic discussions, discussions in women's groups and further field work, and thirdly, empirical observations of institutional priorities such as property rights (Nussbaum, 2000).

Nussbaum gained critic on all three epistemological fronts, however, most commentators focused on her introspection and cultural reflection that she claimed influenced the compilation of her list. Commentators especially questioned in how far cultural diversity has had, and continues to have, an influence on her list, as it got only slightly updated since its first compilation 1990, and which is also mostly derived from the writings of Aristotle (Clark, 2002: 78 in Clark, 2006: 7). Commentators also questioned that the two field trips to India, on which Nussbaum draws her book *Women*

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<sup>101</sup> Addressing socio-environmental unfreedoms doesn't have to be conducted in this way though. From an interdisciplinary mindset which feels obliged *only* towards the improvement of a (poor) person's well-being (ethically individualistic and possibly, *ex-negativo*, defined), I would argue that any approach previously named can be used, depending on value judgments what might work best in these context-specific situations to address these issues of unfreedom in all their cultural sensitivities (this point links to the phenomenology and post-phenomenology discussion of chapter 1.1/Part I). Philosophical world-views are thus considered by this author as mere "means" to an "end" of achieving a person's well-being, in which flexibility (not relativity) is required.

*and Human Development*, “may be rather thin in both number (two) and depth (perhaps from single meetings reliant on interpreters), for Nussbaum’s ambitious project” (Gasper, 2001: 4 in Clark, 2006: 7).

Probably most importantly however, a branch of criticism concerns her epistemological tool of *introspection*, considered to be at best limited and at worst misleading in the empirical analysis of social arrangements and poverty if used solemnly or predominantly. Practical reasoning, the “internal reflection of each person upon her own thoughts, reading, imagination, and experiences” (Alkire, 2002: 39), has its flaws in regard to the “the capability approach’s recognition of false or socially conditioned consciousness” (Alkire, 2002: 39). Introspection as a research method is thus to be criticised for the same reasons the CA rejects utilitarianism as a proxy for well-being, namely mental conditioning.

Another problem with practical reasoning has been described already by John Watson at the beginning of the 20<sup>th</sup> century, that is “[i]f you fail to reproduce my findings, it is not due to some fault in your apparatus or in the control of your stimulus, but it is due to the fact that your introspection is untrained” (quoted in Alkire, 2002: 39). This means that the keepers of the findings are in an innate (or suspicious) power position, which is if you cannot understand my practical reasoning, or you even disagree, let me train your introspection so you can agree (Alkire, 2002: 39).

In welfare economics and the interdisciplinary field of poverty studies, introspection has been rejected, especially by the behaviourists, as unreliable, not measurable, and non-objective (Alkire, 2002: 39-40). Behaviourism has its roots in the classical associationism of the British Empiricists, foremost John Locke (1632-1704) and David Hume (1711-1776). It is philosophically connected with logical positivism, to be discussed more closely in chapter 5/Part I, as in the notion that “there is no

knowable difference between two states of mind unless there is a demonstrable difference in the behaviour associated with each state” (Graham, 2008) (which in a logical positivist sense could have then been measured). Although logical positivism and behaviourism got justifiably criticised as limited mindsets for the study of poverty, it is in its rejection of introspection an important influence Nussbaum is unable or not-willing to see or to appreciate.

This being said, as poverty is to be categorized in the cognitive branch of studies as well, introspection will remain important as an irreplaceable tool to derive hypotheses (it has been partly used in this study). Certainly, in (poverty) philosophy this might be a valid exercise, because it may be the only one at hand or possible. Problems appear however when one’s introspection aims to bridge into realms of practical claim, as in Nussbaum’s case. On a subtle level she degrades the poor into voiceless recipients of her notions of what constitutes a good life, which, upon disagreement, have to be trained to understand her internal reasoning<sup>102</sup>. Certainly, empowerment is not achieved with this.

Lastly, her notion that her list has been inspired by empirical observations of institutional priorities such as property rights, has been criticised not only for being drawn upon two single case studies in India (as opposed to large scale empirical findings from different countries and across time), but also for the lack of additional literature Nussbaum did not consult with (Alkire, 2002: 41).

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<sup>102</sup> It is an interesting observation that Nussbaum’s proposal of capabilities necessary to have for a good life has sparked such strong reactions despite the acknowledged assembly of *good/benevolent* capabilities. This observation supported my thinking that well-being is rather more concealed to empathetic reasoning than ill-being, a point outlined in chapter 2.5/Part I.

#### 4.9.5.3 Proposing an epistemological alternative – Clark’s empirical philosophy

An alternative to Nussbaum’s epistemology has been proposed by CA theorist David A. Clark (2002: 5 in Clark, 2006: 8). His plea for *empirical philosophy* is an “attempt to confront abstract concepts of human well-being and development with the values and experiences of the poor” (Clark, 2006: 8). Via survey design and participatory research he applied in urban and rural South Africa he found that

the most frequently mentioned aspects of a good life in South Africa were jobs, housing, education, income, family and friends, religion, health, food, good clothes, recreations and relaxations, safety and economic security, *inter alia* (Clark, 2002 in Clark, 2006: 8).

Clark comments on the results as being consistent with findings of most participatory poverty assessments, and concludes from his studies that “the most significant finding to emerge (...) is that most people appear to share a common vision of the good, which is not fundamentally at odds with the capabilities advocated by scholars like Nussbaum” (Clark, 2006: 8).

Arguing from the same angle, Sen also states that the intersections of different people’s valuations of capabilities are “typically quite large” (1985: 53-56 in Clark, 2006: 6)<sup>103</sup>. Congruously, if there is great consensus of what people value cross-culturally, why to bother to determine the list every time, individualistically, time and effort consuming, and even repeat this exercise on a regular basis via deliberate democratic sessions (as demanded by Sen, 2004)? It certainly appears unpractical, and it would ease the evaluative task by having one agreed list which not only covers these aspects, but also one which has constitutional force.

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<sup>103</sup> This observation is certainly different from my argumentation in chapter 2.5/Part I, where I argued that well-being is a highly individualistic concept and hence not suitable for being universalised, or to claim an intersubjective understanding of it for defining purposes. To reinterpret Clark and Sen, their findings seem to indicate that well-being should be defined very well *ex-negativo*, that is in demarcation to what it means to live ill (and Clark’s research indicates quite well that being without jobs, housing, education, etc. constitutes a person’s ill-being).

The main reason that speaks against this is the aforementioned notion of power and voice in poverty analysis (Alkire, 2002: ch. 2.4). Deliberative democracy, with its participatory element, is despite its proneness for abuse (a whole branch of research is focussing solemnly on the compilation of these settings to ensure fair democratic representations (Robeyns, 2005a: 106)), is to be favoured to lists compiled *a priori*. It allows capturing preferences on an up-to-date base, individual ordering and weighting, and the process itself strengthens a “better understanding of the value and role of specific capabilities” (Sen, 2004). It shows respect to cultural diversity and responsibility, and refrains from “nannying” people in their chosen agency. Sen ultimately defended his context-specific capability selection in 2004:

The problem is not with listing important capabilities, but with insisting on one predetermined canonical list of capabilities, chosen by theorists without any general social discussion or public reasoning. To have such a fixed list, emanating entirely from pure theory, is to deny the possibility of fruitful public participation on what should be included and why ... public discussion and reasoning can lead to a better understanding of the role, reach and significance of particular capabilities. (Sen, 2004: 77, 81).

#### **4.9.5.4 To the contrary - Sen’s ontology and epistemology**

From the above analysis it is fair to say that Martha Nussbaum’s distinct credentials for the development of the CA, its philosophical foundation particularly, is in no dispute; to the contrary, she is acknowledged as among the important architects of the framework. It is rather her notion to develop a particular list of human capabilities which I have a personal unease with (and with me many others), if used for the overall assessment of social arrangements, which include studies on its lowest strata.

Amartya Sen’s notion of the CA is closer to what can be considered the contemporary state of the arts in poverty research (a debate he distinctively shaped), which is to select capabilities context specific (which can be compared to Clark’s empirical philosophy proposal). As outlined, this is to a lesser degree because of

ontological or practical reasons, but for its epistemological advantages. However, as shall be seen, selecting capabilities should actually best been done context-specific via a coherent Q-squared research design. Yet, before embarking upon this analysis I want to elaborate a bit further on Sen's *positional objectivity* postulate in regards to the evaluation of statements, considered important for the CA to unfold its full potential as a *contemporary* alternative to established evaluative frameworks on poverty.

#### **4.9.5.5 Sen's notion of objectivity - walking on a thin line**

One aspect interesting to trace in Sen's writings is his relationship with the term *objectivity*, which might stem from the fact that it took his notion of the CA to evolve over almost three decades now. In doing so he refrained from writing one single, coherent analysis on it (with the exception of *Development as Freedom* (1999) probably, which, however, is not a sufficient read to fully understand the framework), possibly in the wisdom that any manifestation at a particular point in time would have made him vulnerable to historical misanalysis, as happened to other important philosophers with *magnum opuses*, such as Karl Marx (*Das Kapital*) or Adam Smith (*An Inquiry into the Nature and Causes of the Wealth of Nations*). These works are not only often misinterpreted (and misused), but also many analysts restrict their study of Marx and Smith on these two works only, while often neglecting previous and subsequent writings.

The philosopher Sen is different as in so far that he always reacted to criticism, and his analysis thus took account of the various philosophical streams surrounding it (and which he partly directed with his works). Certainly, this might be a problem for the



spread of his ideas<sup>104</sup> (the need to academically cross-read a lot for the analysis of the CA has been mentioned before), but on the other hand, it grants the CA a certain philosophical robustness (after all, time did not prove his ideas wrong or irrelevant).

Utilising the CA, which is characterised by a “flexible and considerable degree of internal pluralism” (Alkire, 2002: 8-11, 28-30), for the valuation and measurement of poverty requires a stringent tailoring exercise, in which the broad “multidimensional-context-dependent-counterfactual-normative” concept (Comim, 2001: 4) is applied onto the specific analytical focus of (multidimensional) poverty (and possibly its categorisations).

Sen’s framework thus sends its reader in a certain normative *direction*, that is, towards the expansion of freedom, yet, its context specific setting of the individual path, determined through value judgements in the least paternalistic or individualistic, but most participatory manner, has been explained by the existence of a *pervasive human diversity*, constituting to Sen an “empirical fact” (1992: xi, 117 in Comim, 2001: 5-6).

Sen’s framework is thus concrete and vague at the same time, which is for some a dilemma, for others its core strength, as outlined in the General Introduction. It allows researchers to work on the individual parameters of the approach, yet the core concept and objective is unambiguous and should be kept untouched (otherwise it cannot be labelled CA anymore). As will be outlined in the next chapter, this way of reasoning might as well be congruent with the transcendence observed in a Q-squared research design, in which the epistemic communities of logical positivists (and their desire for “objectivity” and a comparable common ground), and post-positivists (and their desire for context specific interpretations of situations) are provided with a space in which they

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<sup>104</sup>Alkire for instance shines light on the problem that “a number of authors ‘complain’ that the capability approach does not address questions they put to it – when Sen has actually developed very clear responses to their very questions in other writings” (2005: 9). Indeed, criticising Sen’s work is complicated as of the necessity to be familiar with the greater part of his academic catalogue.

can securely meet. While it is apparent that the former is always on the brink of developing a one-size-fits-all-thinking scheme, it is the latter which faces the danger of relativism. Thus, Nussbaum's ontological middle way of internalist essentialism is normatively not that different from what Sen sets out to achieve. Yet the difference is that Sen departs from the assumption that humans *are* diverse, whereas Nussbaum just leaves this possibility open to find actual confirmation for the contrary. It is thus the order which makes the difference.

As of 2009, locating Sen on the objective-subjective spectrum should be somewhere in between those two, which seems to reflect the current, contemporary state of the arts in poverty philosophy. While he always refused to endorse upon a unique list of capabilities as "objectively correct" (Sen, 1993: 47 in Clark, 2002: 5), a demand frequently expressed by Nussbaum, he also suggested at an earlier stage of his writings that "the movement in the objectivist direction away from utility may be right" (Sen, 1987: 16 in Comim, 2001: 6). These seemingly contradicting statements make sense when judged it in light of his *positional objectivity* proposal. In his notion, the

assessment of living standards based on subjective criteria does not provide a reliable picture. Capabilities are best seen as objective properties of the characterisation of individual's lack of freedom and not as subjective individual preferences. Objectivity must be distinguished from invariance. A same capability can vary between societies but can be seen, from the analyst's perspective, as an objective reality (Sen, 1992: 108).

Surely, this statement has been conducted at times in which the term *objectivity* was more commonly used and lesser disputed as in the contemporary poverty literature, or from a post-modern viewpoint. He was surely ahead of his time when he proposed his stance of positional objectivity, a notion fair to compare to *inter-subjectivity*, the other term coining the middle-ground on the objectivity-subjectivity spectrum (the difference between these two has been highlighted though in chapter 1.1/Part I).

According to Sen, in the relationship of a statement and the relativity of the receptor/ listener/ evaluator, a statement conducted “may be *objective*, in the sense that any person who shared the position of the evaluator ‘can understandably take much the same view for much the same reasons’” (Sen, 1993d in Alkire, 2002: 135). However, this does not mean the statement is necessarily *true*, because the “‘position’ of the person (from which their statement was objective) may include ignorance, inexperience, or a particular mental tendency” (Alkire: 2002: 135). Consequently, social perceptions, such as differences of women in India or women in Bangladesh, can be explained by specifying “in great detail a person’s background and other positional features in that society”, such as the systematic deprivation of women, or the relative levels of female education (Sen, 1993d: 13, in Alkire, 2002: 135). Thus, the

positional objectivity of these views ... command attention, and social scientists can hardly dismiss them as simply subjective and capricious. But neither can these self-perceptions be taken to be accurate ... in any trans-positional understanding (Sen, 1993d: 13, in Alkire, 2002: 135).

His notion of positional objectivity is thus very much in that particular grey zone seemingly coherent with much of the contemporary literature on best-practice poverty research, which will be outlined in the upcoming chapter 5/Part I.

#### **4.10 Recapitulation and outlook**

This chapter aimed to discuss and critique Sen’s CA in order to give it, firstly, an analytical robustness as a promising framework for well-being evaluations, though secondly, to allude as well to its limitations in regard to the ambiguities life is producing. This has been done by an hermeneutic, introspective analysis about what ought to be considered relevant in discussions on poverty, as opposed to be left excluded as ontologically important, though ethically subordinate; foremost, this has

concerned the question regarding the importance to focus on self-respect as to respect and social status in the community as such, and the question how it can be avoided that evil/ harmful functionings will appear in the capability space. It also concerned the extremely fine balance to strike in order to *appear in public without shame*.

Further, the robustness has been aimed to be established through a comparative analysis to Martha Nussbaum, the second main author on the CA. Her universal list of *10 central human functional capabilities* has been rejected as inappropriate to address poverty in its multidimensional and holistic outlay, and as an issue for justice. Her *internalist (Aristotelian) essentialism* has been praised however as possibly being useful for addressing certain causers of a person's ill-being, such as particular context-specific customs and cultures, which can constitute some concrete unfreedoms to the individual indeed.

The analysis highlighted the strengths of Sen's framework in addressing these unmatched issues by Nussbaum (particularly in regards to questions of power and voice), which appears to be in line with a growing epistemic poverty community operating with an interdisciplinary research approach to take account of these features. The author is thus positive that up to this point the thesis has identified valid reasons to claim the verification of the dissertation's first hypothesis/proposition:

If poverty is inter-subjectively understood as a multidimensional phenomenon, then Amartya Sen's concept of poverty, the Capability Approach, ought to be used as the evaluative framework.

The relevant question for the next chapter will be to verify the thesis' second hypothesis, thus to outline in how far the epistemic community of poverty researchers arrived at the conclusion to embark upon a mixed research method, which, as stated, is somewhat closer to Amartya Sen's notion of the CA than to Martha Nussbaum's. What

is the underlying philosophical foundation, what are the techniques, and who are the main actors involved are questions to be addressed.

## **5 Q-squared research on poverty - selecting valuable capabilities**

In this chapter I will close some of the loose ends laid out throughout this Part I of the thesis regarding the selection (and weighting) of capabilities, and its ontological and epistemological foundation underneath. Placing this discussion at the end rather than the beginning of Part I was considered the better move in order to emphasise the rather new notion of “poverty as unfreedom”, even though the reader might have felt annoyed by the continuous references to chapter 5/Part I.

Nevertheless, in this section I will outline in greater detail the theoretical foundation for the selection of capabilities of value, as will be conducted in my subsequent study on multidimensional poverty measurement in Mozambique in chapters 4 and 5/Part II. Certainly, in many case studies on the CA it remains a problem as to what extent the selection of capabilities and the value judgements this involved has been transparent (Alkire, 2007: i). This dissertation aims to avoid this mistake.

Many researchers working with the CA, foremost Alkire (2007) and Robeyns (2003a, b; 2005b), are proposing to use a mixed method/Q-squared approach for the determination of capabilities. As this is not only congruent with my own personal convictions, but also in line with a growing epistemic community embarking upon and advocating for this research process, I’d like to discuss the Q-squared research approach in poverty analysis more broadly, and as usage for the selection of capabilities more narrowly. The discussion will thus deal greatly with ontology and epistemology again, and will link with the discussion of the previous chapter. Moreover, it will also discuss issues of practicality and techniques, and it will trace the various research schools of thought on poverty analysis diachronically, that is over time and space, considered important in order to understand the reasons behind the strong contemporary usage of Q-squared. The chapter ultimately aims to establish a philosophical connection between

the interdisciplinary research on poverty in general and Amartya Sen's CA in particular. This explains why the chapter is in conceptualisation broader than certainly necessary if it had been used solemnly to outline the mere rationale behind the selection of capabilities.

This section is considered to be prudent, as of the in chapter 4/Part I conducted analysis. Capabilities ought to be selected in regard of being non evil/ non harmful, a discussion of special importance from a "structural violence" perspective (will my actions have detrimental effects on others?), and in regard for the CA to be able fulfilling its full potential in regard to individual autonomy and freedom of choice. It is also crucial as for continuously having avoided the need for incorporation of a Hobbesian element in the frameworks vignette.

Prior to the analysis it is important to stress however that in the following chapter the term *poverty* is used, if not otherwise stated, regardless of its distinct conceptualisation, or to be clearer, the conceptualisation will be adopted as used in the particular point in time the reference is made to. This is lesser problematic however, as the focus is on the *methodology* to approach poverty as an object of study, and not on poverty itself.

## **5.1 The epistemological and ontological Q-squared debate**

Any researcher engaging in the task of appraising poverty more broadly, and selecting capabilities more precisely, has to face not only the discussion surrounding the appropriate determination of poverty, but also the discourse about the methodology or methodology mix being chosen to gather, analyse and interpret poverty related information. Each research methodology has implicit assumptions about the nature of reality (ontology) and the best way of accessing that reality to formulate knowledge

about it (epistemology). Albeit a direct derivation from the chosen methodology on the researcher's ontological and epistemological stance should be perceived as an inadequate venture, it is, however, as well inaccurate to deny *any* interdependence. The following chapter will thus aim to present the gist of the various epistemological and ontological viewpoints of the quantitative and qualitative research approaches<sup>105</sup>. This will firstly serve to frame a research context which draws the strengths of each position, and secondly will ground the appraisals to come on a solid philosophical foundation.

Quantitative poverty assessments are usually associated with the philosophy of *logical positivism* (Christiaensen, 2001: 70). In its broadest sense this school of thought is a “rejection of metaphysics” (Trochim, et al. 2007), in which the belief is held that there exists a single, external reality (Christiaensen, 2001: 70). The world and the universe are deterministic, that is, they operate by laws of cause and effect. Logical positivism establishes an objective ontology by asserting that all phenomena are observable and exist independently of the observer (Trochim, et al. 2007). Hence, the task of the (neutral) analyst is to capture that reality as closely as possible by increasing the likelihood of gaining objective and unbiased answers (Christiaensen, 2001: 70). Discerning the laws of cause and effect is done by *empiricism*, using *deductive reasoning* to postulate theories and to validate and verify hypotheses (Trochim, et al. 2007). The study design (experimental, quasi-experimental, representative sampling) and structure is thus based on (non-contextual) statistical principles, standardization and quantification of the data collected. Applying these principles intends to guarantee representativeness, to permit generalization of results and “to solve problems of bias and variability in the interviewer-interviewee interaction” (Tourangeau, 1990 in Christiaensen, 2001: 70). Logical positivism, which holds its origins in the 1920s and

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<sup>105</sup> For a deeper discussion which goes beyond the emblematic vignette of this chapter please see Kanbur and Shaffer (2006).



1930s in post-World War I Vienna, became widely popular within social sciences in the 1950s and 60s as it offered the prestige of scientific status. The analyst turned into a provider of “objective” information to the decision maker.

“Qualitative research methods on the other hand are rather associated with the interpretivist and constructivist tradition” (Christiaensen, 2001: 70) of *post-positivism* (Trochim, et al. 2007). Emerging as a response to logical positivism, post-positivists essentially believe in the absence of a shared, single reality and in the presence of a multitude of realities (Christiaensen, 2001: 70). Whereas logical positivists aim to ultimately uncover what is believed to be the one universal reality, post-positivists see the goal of science in the mere pursuit of grasping the multitudes of reality (House, 1994; Hedrick, 1994 in Christiaensen, 2001: 70), although this is never achievable (Trochim, et al. 2007). It is further believed that knower and known cannot be separated and that thus human knowledge is conjectural. Observations and measurements are fallible and theory is revisable. Observations are fallible, because they are theory-laden. Scientists are inherently biased by their cultural upbringing, experiences, etc. and hence not able to produce value-free science (Trochim, et al. 2007). To understand the topic of interest it is thus necessary to study it in its *context*. The purpose of inquiry methods is “to involve many stakeholders and to obtain multiple perspectives on the subject of research and the meaning of concepts, through semi- or unstructured, exploratory data collection” (Christiaensen, 2001: 70), hence through inductive reasoning (Trochim, et al. 2007). The *triangulation* across multiple (errorful) sources and observations turns the process of truth seeking from an individual task into a “social phenomenon”. By criticising each other’s work within and across epistemic communities, knowledge goes “through a process of variation, selection and retention”. This “*natural selection of knowledge*” holds the idea of the “survival value” of knowledge and is perceived as the

only possibility to minimise inherent errors by individual analysts. Knowledge which survives this scrutiny has “adaptive value” and is probably the closest human beings can get in approaching objectivity and understanding reality (Trochim, et al. 2007 (Italics and bold in original)). In the constructivist tradition it is also believed that “the analyst should not only aim to provide and facilitate an understanding of the subject, but also to bring about change and empowerment of the stakeholders involved in the process” (Christiaensen, 2001: 71).

House summarised the differences between the quantitative and qualitative paradigm as dichotomies of “objectivity versus subjectivity, fixed versus emergent categories, outsider versus insider perspectives, facts versus values, explanation versus understanding, and single versus multiple realities”. To explore the subject of interest through one particular methodological approach the analyst yields implications of a certain ontological assumption about reality (1994 in Christiaensen, 2001: 71). This poses essential questions any researcher should face before, during and after exploring his/ hers subject of interest. Christiaensen (2001) sets up six questions concerning the assessment of poverty:

What do we want/allow our findings about a population's poverty to be? Are we assuming and looking for an objective, singular and universal kind of poverty which we can be externally defined? Or is poverty in essence a context specific, subjective reality to be defined by each subject herself? Is feeling poor, being poor? Or can we be poor, without even knowing it (Christiaensen, 2001: 71)?

The discussion above aimed at illustrating that ontological and epistemological considerations play their part in the choice of a research methodology. Analysing poverty through quantitative or qualitative studies is thus not only a question of methodological preference, but also about the analyst’s perception of the nature of reality and the way of accessing it (though this is only a necessary, not a sufficient condition in the causality between philosophical worldviews and applied research

methodologies. Many practical considerations for the choice of methodology are influential as well, including, among others, human resources, financial constraints and time)<sup>106</sup>. Despite the outlined fundamental philosophical dichotomies, a growing epistemic community is canvassing for a combination of quantitative and qualitative inquiry techniques in the design of studies and in the collection of data. However, in using various techniques from both traditions the researcher needs to be aware of the strengths and weaknesses each approach has in revealing a particular kind of reality and “watch the extent to what the use of a particular inquiry methods confounds his findings about the reality he actually wants to obtain” (Christiaensen, 2001: 73). Turning the reader’s attention to this fundamental philosophical issue was the aim of this sub-point, which will be picked and rounded up at a later stage of this chapter. For now however, the analysis will strive to elaborate deeper on the Q-squared research debate by posing two basic questions: Why combining and How?

## **5.2 Q-squared research and a growing epistemic community**

The philosophical dichotomy between quantitative and qualitative research inquiries gave voices of methodological segregation a powerful *raison d’être* up until the late 1980s, and undeniably remain to exist between various epistemic communities

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<sup>106</sup> This statement should also be enjoyed rather carefully when one is looking for instance at the differences in Sen’s and Nussbaum’s writings on the CA. In contrast to the above described generality that the epistemological tools of ontological universalism of modernism are usually those considered of the positivist school, whereas that of ontological individualism of post-modernism as those of post-positivism, it appears that this has changed in the case of these two scholars. Whereas Nussbaum, coming from the field of the humanities, in which narrative approaches play an important research role, is interestingly determined on an ontological objective universalism, for which proof she actually chooses those epistemological tools usually found in the post-positivist school. In this, “her work engages more with the power of narratives and poetic texts to better understand people’s hopes, desires, aspirations, motivations and decisions” (Robeyns, 2005a: 104). Sen, on the other hand, coming from the field of social choice theory, which is more attune to mathematical reasoning and quantitative empirical applications and measurements, a field characterised by “parsimonious, formal, non-narrative, and axiomatic modelling” (Robeyns, 2005a: 104) is aiming to establish an ontological middle ground of positional objectivity, though uses epistemological tools rather associated with the positivist school. This example aims to outline that a person’s background can shape, thought doesn’t necessarily need to, ones chosen ontological reality and epistemological research process.

up to the present day. Q-squared research approaches have shown “only *shallow* roots in key institutions - such as the World Bank’s Research Department and the Economics Departments of leading US universities” (italics and bold in original, Hulme, 2007: 4). Tensions between actors across and within epistemic communities have many origins which go beyond a philosophical dichotomy. Tensions comprise

incentives within academia for researchers to stay within disciplinary (or subdisciplinary) comfort zones, political and ideological divides about whether development and poverty are growth-mediated or welfare-mediated and jealousies over the privileged access that some quantitative specialists (and particularly neo-classical economists) have to policy-makers compared to qualitative researchers (Hulme, 2007: 4).

However, in the last decade a maceration of contours is also observable, set off by the work of a growing epistemic community advocating the mixed method approach. Authors most notable include Carvalho and White (1997), Marsland et al. (1998), White (2002), Kanbur (2003), Kanbur and Shaffer (2006) and Hulme and Toye (2006). Various influential research institutions, including the Chronic Poverty Research Centre (CPRC) and the Global Poverty Research Group (GPRG) at the University of Manchester, the Chr. Michelsen Institute (CMI) in Norway as well as various Q-squared dedicated conferences and publications held at the University of Cornell (2001), the University of Toronto (2004) and the Vietnamese Academy of Social Sciences, Hanoi (2007)<sup>107</sup> helped to let Q-squared poverty research become policy influential. A growing number of development agencies, such as the United Kingdom Department for International Development (DFID), are encouraging and often insist on the incorporation of qualitative methods in the traditional quantitative poverty analysis and development analysis more generally (Addison, et.al., 2008: 7). Further, the World Bank demands to incorporate a Participatory Poverty Appraisal (PPA) in the

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<sup>107</sup> There is now a journal dedicated to Q-squared analyses and research. Please visit <http://11>.

formulation of country specific PRSP's. If knowledge, for whatever reasons, survives what post-positivists claim to be the natural selection, if knowledge is able to (tentatively) break through traditional paradigms and mindsets, than this knowledge must hold a certain validity worth exploring. The following sub-point will aim to elaborate this validity diachronically. The elaboration of the *why* will then be followed by the investigation of the *how*.

### **5.3 Quantitative economic reductionism: A retrospective (narrative) analysis**

Retrospective life history data collection is a frequently used qualitative research technique to include the important factor *time* into one's judgement. Evaluating a school of thought retrospectively by analysing its origins can be a useful exercise as well. Commonly, discussions about qualitative vs. quantitative "assume a 'dichotomy' or 'divide' between the two in which they are placed in virtually polar opposites" (Hulme, 2007: 7). Yet, by examining the origins of quantitative poverty research, differences between both schools, which emerged over time, get relativized.

In contemporary poverty literature widespread consensus exists that the origins of the economic, non-contextual, quantitative poverty research methodology can be traced back to Booth and Rowntree's late 19<sup>th</sup> century investigation of poverty in England (Chambers, 2007: 15)<sup>108</sup>. Booths initial analysis into poverty in Victorian London started in the 1880s, with a "massive research project, identifying and describing the living conditions of poor people throughout London" (Spicker, 2007: 41). The analysis of Booth's team was mainly qualitative and descriptive in nature. The techniques being deployed were pioneering for most social science research. With various interviews across spatial and social segregations (private households and expert

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<sup>108</sup> Chambers (2007: 15) lists the following scholars to underpin this assessment: Rein in Townsend (1970); Holman (1978); Beck (1994); and Spicker (2007).

witnesses from schools and higher institutions across London were interviewed alike), Booth acknowledged the importance to analyse both, the spatial dimensions of poverty (he actually charted “the distribution of poverty and the character of different neighbourhoods” (Spicker, 2007: 42)), and the housing and environment of the poor. However, in the following debate Booth analysis got curtailed on one particular aspect of his study, his idea of a “poverty line” (Spicker, 2007: 42). Booth defined a poverty line in terms of household budgets. Rather than being a threshold, he saw it “as a range of income - roughly the wage of the lowest paid full-time workers - below which people were likely to be poor” (Spicker, 2007: 42), though in Booths comprehension a more coherent analysis was required to formulate this judgement. He stressed that household budgets should only serve as a “*supplement* to other information about poverty, and in and that for only a small number of indicative cases” (Italics added for emphasis, Spicker, 2007: 42). Yet, despite these clarifications, the following debate narrowed Booth work on the poverty line and much focus of future research emphasised this new method (Spicker, 2007: 42). Rowntree’s subsequent research in York can be seen as the first application of a predominant quantitative, economic reductive, non-contextual approach. A questionnaire household survey of 11,560 families served to judge poverty on income available to households. Other aspects of the experience of limited resources were slowly faded out. The meaning of poverty in social research effectively changed. The general concern shifted from problems of low resources to problems associated with low incomes (Spicker, 2007: 41-42; Chambers, 2007: 15).

As Chambers write, “the spread of this approach was extraordinary” (2007: 15). Logical positivism accelerated the application of quantitative poverty measurements and analyses in the age of modernity, aiming for the “progressive economic and administrative rationalization and differentiation of the social world” (Sarup, 1993).

Nearly every country in the world operates nowadays with a poverty line, “measured either in reported income or in reported consumption” (Chambers, 2007: 15). Post World War II poverty analyses up until the late 1980s was predominately conducted with the help of questionnaire surveys, for which Chambers finds in sum seven reasons<sup>109</sup>:

1. The British imperial and colonial influence and influence on governments and educational systems in the Empire and Colonies, and other countries.
2. The power and attraction of statistics, and their influence on policy and opinion (...)
3. The growing authority of statisticians, statistical procedures, and concepts of scientific rigour in the professional analysis of numbers.
4. The training of students in statistical, sampling and questionnaire survey methods, and the ease with which such training could be routinised, giving an easy task to teachers and providing skills to students for later employment.
5. The rise and power of economists and of economics as a profession, particularly after the second world war.
6. The ability of questionnaire surveys to generate poverty lines to provide comparisons between countries, between geographical and administrative regions, and between categories of people and of occupations, and, when in time series, to indicate changes over time.
7. The usefulness poverty line statistics for practical and policy purposes: they fulfil the needs of the state to simplify and count poverty in order to make it legible, enabling it to grasp a large and complex reality (2007: 15, 16).

Approaching poverty analyses and capability selections quantitatively carries inherent potentials and risks. These will be discussed at a later stage of the chapter, when put in comparison to the strengths and weaknesses of the qualitative research method. For now, however, the analysis will focus on the rationale behind the *persistence* of numerical reductionism as an approach to researching poverty (Chambers, 2007: 17), and, to a lesser degree howbeit, in the selection of valuable capabilities.

Although coming under increased criticism since the early 1990s for not adequately responding to the challenge posed by the new, firstly two-, later

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<sup>109</sup> Chambers derives his reasons from Scott’s *Seeing Like a State* (1998). Scott did not compile the list for poverty lines, though Chambers argues that his findings are applicable to the analysis of poverty alike.

multidimensional poverty definition, mainly practical reasons determine the survival of the quantitative research method. Sumners (2007) profoundly worked out that other dimensions of poverty, such as vulnerability or powerlessness, do simply not have comparable statistics to date (in Chambers, 2007: 17). On the other hand, “time series data and poverty lines for income-poverty” are well established and allow comparisons over protracted periods of time (for chronic vs. transitional poverty analysis). National Survey Systems are stable and “provide full employment for economists and enumerators”. Further, (often positivistic) economists tend to dominate important positions in the “World Bank and in Ministries of Finance and Planning”. Most importantly though is that income poverty remains entrenched in measures and policy goals which dominate much of the public debate. Foremost noting are the aforementioned MDG’s and even also, the UNDP’s HDI, the index comprised of three dimensions of human welfare, namely *income*, education and health (Sumner, 2007:10 in Chambers, 2007: 17; Spicker, 2007).

In sum, there is valid reason to believe that poverty will remain to be examined and measured by quantitative research tools quite into the future. However, those advocating for a *sole* quantitative application should note that the first ever poverty study conducted under this research process was actually a qualitative analysis, which merely aimed to enhance the robustness of the study findings with quantitative rigour. The sub-point to come will aim to conduct a similar retrospective analysis for the qualitative research method, with the intention to further elaborate on potential spill-overs between the two schools of thought.



#### **5.4 Understanding qualitative poverty research: A retrospective (narrative) analysis**

Looking at the origins of the qualitative research school two streams have to be distinguished: Anthropological/ethnographical particularism and participatory pluralism (Chambers, 2007: 18-19)<sup>110</sup>. For social anthropologists, the concept of poverty was for long “idiosyncratic, locally and culturally specific, influenced by the interaction of context and their own conceptual framework” (Chambers, 2007: 18). However, in applying ethnographic research techniques (such as observations, open-ended interviews and life history data collection) poverty took a decentralised place in the observation and interpretation of social behaviours and relations (Chambers, 2007: 18). Perceived as a “varying and often indeterminate blend of emic and etic non-numerical concepts” (Chambers, 2007: 18), poverty became particular. If defined, what many anthropologists did not find necessary to do, than it took various forms, of which one is as such:

Fundamentally, the nature of poverty can be defined as that point at which there occurs an imbalance between man and land of such an order that men can no longer rely upon the natural fertility of the land for their survival (Haswell, 1975: 71, in Chambers, 2007: 18).

Reckoning Haswell’s poverty definition for an agricultural society in West Africa in the mid-1970s as a random example, it does not take much imagination to predict the problems decision makers will face in filing a policy response based on that definition. “When and How much?” will cross the mind of any accountable policy maker who is been hold responsible for his/hers actions (especially in the 1970s, when poverty was still largely been defined in economic terms). Unless Haswell enclosed a

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<sup>110</sup> There is an intellectual divide whether to include participatory pluralism in the stream of qualitative research (Hulme, 2007) or to rank it as a self-contained, third stream beside the Quantitative and the Qualitative (Chambers, 2007). The author of this dissertation is following Hulme in this regard as a matter of preference, though is advocating for more debate.

numerical determination/range within her study to give an indicator when the referred imbalance occurs, the likelihood of her study being deployed to underpin policies is diminishing. However, the inherent strength of this definition is quite obvious as well: it is context-specific, and hence in line with Sen's CA.

However, arbitrariness and relativism are the main problems of this study design, as are a lack of comparability and a problem of accountability. The study depends greatly on the skills of the researcher, and it remains, especially from a policy perspective, highly problematic as to compare this highly individualistic approach, which this approach has in common with Sen's CA. Nevertheless, in due assumption that an anthropologist might produce a good ethnographic study, one which is context-specific and which also takes account of emic, individualistic notions of poverty (even conceptualised as capability deprivation), potential for enriching the study design with quantitative rigour is apparent and it would appear a missed opportunity if left unused (and this thesis in general, and the selection of capabilities in particular, attempts to come close to this ideal). Nonetheless, the aforementioned problems with the ethnographic method are not that easily erased.

Emerging as a birth of frustration with the limitations of the quantitative and the anthropological research approach, participatory pluralism took over a crucial role in the qualitative research school. It is a birth of (mostly civil society) practitioners working in the field who made a decisive push through the philosophical crust being created by voices endorsing methodological segregation. Most worthwhile noting is the aforementioned World Bank study *Voices of the Poor* from 1999. Participatory methods highlight the use of

group based data collection methodologies, context specific conceptualisations of key indicators and processes, and they (...) seek to empower local populations by strengthening their capacity and raising

their awareness of their right to participate in knowledge creation processes (Hulme, 2007: 9).

Inclusiveness is a crucial factor of the method. Especially those who are usually marginalised and excluded, mostly women, people of low caste or tribals are selected and incorporated into the study. By expressing and analysing local people's realities through matrices, maps, diagrams, visuals and tangibles, participatory pluralism is able to transcend "reductionism and particularity" (Chambers, 2007: 19, 20). The empowerment and emancipatory objective further differentiates participatory methods from ethnographic and quantitative inquiry techniques, both seeking to extract information from individuals outside the group with none of the aforementioned intentions (Hulme, 2007: 9). Although Sen's demand to determine capabilities context-specific through ongoing deliberative democratic sessions isn't technically the same process as the participatory one described above, it nevertheless becomes apparent that both methods are analytically greatly related<sup>111</sup>. Table 2 shows a methodological comparison of the participatory and ethnographic poverty appraisal:

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<sup>111</sup> "People have to be seen, in this [development as freedom] perspective, as being actively involved – given the opportunity – in shaping their own destiny, and not just as passive recipients of the fruits of cunning development programs" (Sen, 1999: 53)

Table 2: Participatory Pluralism vs. Ethnographic particularism

	<b>Participatory Appraisal</b>	<b>Ethnographic/Qualitative Sociology</b>
Main methods of data collection	Focus group discussions (FGDs), participatory mapping, wealth ranking, pair-wise ranking, transect walks	Open ended interviews, semi-structured interviews, life histories, participant observation, key informants
Analytical framework	Narrative – combination of researchers and participants	Narrative by the researcher
Data collection unit	Various groups from a community	Individuals
Data type	Subjective	Subjective
Population involvement	Active and empowering	Active
Reflexivity	Reflexive to participant and researcher learning	Reflexive to researcher learning

(Hulme, 2007: 10)

Despite some unfortunate abuses and weak outcomes of the participatory method which have emerged in the literature, it should be perceived as a powerful and innovative research tool and is by now a regular in country-specific PRS's (Hulme, 2007: 10). If facilitated well, policy primacy can be given to those emic expressions of realities by lowers prior to “prefabricated” etic frames of meanings by uppers<sup>112</sup>. For an overview of the wide range of possibilities with participatory methods, though also of its limitations, please be referred to Chambers (2007) and the methodological toolbox of the CPRC (<http> 12).

### **5.5 Qual/ Quant: A Continuum with strengths and weaknesses**

The above conducted analysis aimed to unfold inherent characteristics of both research methods, which are summarised and comprised in the Table below:

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<sup>112</sup> Chambers defines lowers as “people who in a context are subordinate or inferior to uppers” and uppers as “people who in a context are dominant or superior to lowers”. A person can be a lower in one context and an upper in another (2007: 12)

Table 3: The Qualitative/ Quantitative Continuum

Dimension	Qualitative to Quantitative Continuum
1 Type of information on population	Non-numerical ----- Only numerical
2 Type of population coverage	Location specific ----- Statistically representative
3 Type of population involvement	Active ----- Passive
4 Type of inference methodology <sup>9</sup>	Inductive ----- Deductive
5 Type of disciplinary framework	SAPG* ----- neoEDEpQtS#
6 Type of data	Subjective ----- Objective
7 Type of data collection method	Interviews and PLA ----- Sample survey and questionnaires
8 Type of analytical	Narrative and ----- Formal stats, mod-

framework	Interpretive ----- elling, positivist
9 Primary analytical focus	Processes ----- Outcomes
10 Major unit of assessment	Collectivities ----- Individuals
11 Data collection-analysis link	Data collected and analysed by same person ----- Data collected by enumerators and analysed by researcher

(Hulme, 2007: 7, 8)<sup>113</sup>

Following Kanbur (2003) and Hulme (2007) in their assessments, the best way to think of both methods is not in terms of a divide, but rather in “relative positions on a number of continua” (Hulme, 2007: 7). Conceded or not by those who claim a dichotomy, most studies use both methods anyway, whether an anthropologist consult statistics to research about his/hers next study group, or a neo-classical economist operates with data which had been converted from qualitative findings (coding of qualitative data, please be referred to CPRC’s toolbox; Hulme, 2007: 8).

If perceived as this, both approaches’ inherent strengths and weaknesses become apparent (Appendix 3). By starting with the strength of the quantitative method, it is in

<sup>113</sup> SAPG: Qualitative sociology, anthropology, qualitative political studies and human geography. neoEDEpQts: Neo-classical economists, demography, epidemiology, quantitative sociology

no serious dispute to judge statistics for its practical value: it allows overviews and comparisons, is representative, standardised and repeatable, and unfolds correlates and characteristics (Chambers, 2007: 18). Statistics are thus especially valuable to inform decision makers. Knowing of the numerous frauds statistics can have, they still have a value for making comparisons *possible*, technically speaking. However bad they are, statistics can be laundered and analysed. The economist Gill (1993) titled once a paper of his: “Ok, The Data’s Lousy, But It’s All We’ve Got” after a visit to Nepal (quoted in Chambers, 2007: 16). Sumners judged that “indicators are the product of a lengthy social process, which at every stage is shaped by the bias of the agents involved. Errors are virtually certain to occur in both the sampling and non-sampling aspects of research” (2007: 11). Hence, data is a social product, whether it is a sampled or not. Therefore, the aim should be to focus on the positive aspects of quantitative data, while aiming to improve its quality. For instance, there is much expert consent that quantitative data is especially beneficial for capturing monetary dimensions of poverty (please be referred to CPRC’s toolbox), and the World Bank published a table to judge the usefulness of data for income poverty. The table distinguishes cases of severe data limitations (#1) to a good data situation (#9), which is a “repeated multitopic survey with panel component” (http 13).

However, quantitative data has value beyond the measurement of mere income deprivation. A further possibility is to turn aspects constituting human poverty, such as aspects of health and education, or on “people’s values, beliefs, or behaviours” (Alkire, 2007: Table 1) into a quantitative index. Composite indices<sup>114</sup>, such as the Human Development or Poverty Index, have emerged as a response to Sen’s work on human aspects of poverty, although they do not take full account of Sen’s research on well-

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<sup>114</sup> For a compilation of the various indices which have emerged over time please be referred to Sumners (2007: 10)

being (Sumners, 2007: 7). Experiences from these indices indicate though that, for all the inherent and indisputable value of coding qualitative data to compare regions, areas and countries, two weaknesses remain unsolved as to date: firstly, the great challenge to capture *all* dimensions of human poverty into one index, and secondly, the complicated desire to measure (the somewhat intangible) social domains of poverty, such as *vulnerability* as one important aspect of multidimensional poverty. Vulnerability is caused by so diverse and individual factors such as social relations, subordination, exploitation, exposure to outside shocks (climate, economic, unforeseeable shocks) and *powerlessness*, that it is rather complicated to comprise it into an index (and as shall be seen in chapter 4 and 5/Part II, for my re-measurement of multidimensional poverty it is indeed complicated to deal with those two points highlighted here).

In sum, two things can be learnt from this: by acknowledging the intrinsic strengths of the quantitative method, one should be alert to its weaknesses. Knowing of these will open one's mind to acknowledge the strengths of the qualitative method, resting mostly on the research of powerlessness and vulnerability, but also in its ability to capture *individual* realities. This comprehension should pave the way for an appreciation of the Q-squared approach<sup>115</sup>. Hulme makes the assumption that Q-squared approaches can combine best practice of both approaches, though this assumption needs to be tested in each specific study (2007: 13). Potential ways for Q-squared are numerous, and will be discussed subsequently. Surely the specific combination that is chosen will craft the nature of the benefits. From a normative perspective however, any serious (good practice) combination will produce a richer and more reliable analysis.

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<sup>115</sup> This is not a one way street. Starting from a qualitative perspective, one should first focus on the strengths and possibilities for improvement though should be honest about its limitations (Appendix 3). This should then lead to an appreciation of the Q-squared method.

## 5.6 Last comment on “why”: multidimensionality and its place in the modern/postmodern debate

At this stage of the chapter it seems plausible to come back to the important questions being raised by Christiaensen (2001), in which the quantitative and qualitative school of thoughts have been presented in their ontological and epistemological contexts. It becomes eminent that any researcher who conducts a study on poverty (especially if conceptualised as capability deprivation) has to define what s/he thinks about the reality of poverty; whether it is a single measurable or a subjective one. As an advocate of the multidimensional poverty definition and the Q-squared research method, I would like to round up the discussion of *why* by bringing forward my thoughts within a broader discussion. For quite a while philosophers and scholars have been engaged in the debate of modernism vs. postmodernism, and this thesis has partly dealt with this discussion already. I am convinced that the multidimensional definition of poverty and the Q-squared research method is a *birth* of this discussion, which, in my perspective, doesn't present a clear winner or loser<sup>116</sup>.

Although used extensively by artists, sociologists, political scientists, philosophers and the media, *post-modern* is a word complex to define. Probably the easiest way to understand it is to see post-modern as a reaction to what is called modernity, that era started with the enlightenment movement about 360 years ago. The movement, initiated by the rise of western science and stimulated by the triumph of Newtonian mechanics, emphasized reason and logic over revelation and intuition. Although it did not deny religion or art, it prioritised physics and mathematics:

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<sup>116</sup> I found it important to place the following discussion *after* the initial analysis, as it is, to a certain degree, a personal account and debatable. To understand this ‘last comment on ‘why’’, it was important to provide the reader with background information regarding the strengths and weaknesses of the various research techniques first, before turning to this philosophical debate.



It promoted the idea that human problems could be solved by rational procedures, that increasing scientific knowledge would produce not only rising prosperity but, in addition, would serve toward the perfection of man, toward building a world of material riches and universal happiness. (Prausnitz, 2001: 3628).

The enlightenment programme was in many ways very successful. Useful innovations are enjoyed by millions of people worldwide, and very importantly, cross-culturally. Its attractiveness spurred quickly from the natural sciences onto the human and social sciences. As quoted once before, Sarup characterised modernity with the “progressive economic and administrative rationalization and differentiation of the social world” (1993). The aim to underpin social studies with quantitative rigour, with charts, diagrams, statistics, in short with *logical positivism*, is deeply connected with the desire to gain scientific prestige. Logical positivism underpinning social research is thus fair to label a birth of the enlightenment programme.

However, modernity did not produce benefits only, it also created new problems which have been either not anticipated or underestimated. The excesses of technology, “such as pollution, overpopulation, gridlock traffic, etc., etc.” are as much to bemoan as the social “alienation of the individual (...) by the narrow specialization of his work on a production line and by the monotony life in modular housing project where any one apartment is identical to every other” (Prausnitz, 2001: 3628). Decisions about one’s life been made based on statistical analysis and universalism only, without the consideration of individual circumstances, are additionally negative side effects of a modern life.

Postmodernism, in its most simplistic form, can be seen as a reaction to the negative side effects of modernity. It is “an attempt to go beyond the unwelcome features of modernism, beyond the confinement that science-spawned technology has visited upon the soul, to restore man’s dignity, individuality and personal freedom”

(Prausnitz, 2001: 3628). It attempts to liberate humans from the synchronised mindset on constant progression and renewal. Hence, post-modernism might be seen as a reaction to the dystopias of Huxley's *Brave new world* and Orwell's *1984*.

However, post-modernism is more than a mere critique of science and modernity. It is an attack on the legitimacy modernity is based on, namely the criterion of *truth*. Whereas previous critics of modernity, such as the Romantics of the 19<sup>th</sup> century, claimed that an objective truth might exist in nature though not in the humanities, post-modernism denies that science has any special claim to truth at all. Its “claim to truth is that it is at best a delusion and at worst a fraud” (Prausnitz, 2001: 3628), and that thus science is in no better position of knowing or perceiving the world. Science is regarded as a *social construct* by elites with hence no better legitimacy to claim truth than non-scientists. To the contrary, objective truth, scientific or otherwise, is non-existent; multitudes of realities exist parallel to each other, with nobody to claim or judge the universal rightness of a statement. Niels Bohr's remark “A deep truth is one whose opposite is also true” may serve as a useful illustration of this stance (quoted in Prausnitz, 2001: 3630). The strong attractiveness of post-modern thinking gave push to post-positivistic, interpretive/ deconstructive social research, its main research tools. It subsequently challenged not only the positivistic stance of social scientists, but also the privileged position science enjoyed in general over the last 250 or so years (Prausnitz, 2001: 3628-3633).

Post-modernism has to be seen as a major challenge to modernity. Disillusionment with modern life in post-World War II Europe was for sure stronger than in other parts of the western world, such as the United States. Whereas the former over-thought modernity while rebuilding its cities, the latter embraced and enjoyed its advantages while emerging as the sole superpower. Hence understandably, mindsets in

key American institutions and universities remain mostly positivistic, although a slow revision is observable. Art, architecture, philosophy, literature, etc. are society-influential and post-modern art has developed a strong attractiveness.

However, post-modernism didn't seem to develop the momentum its proponents might have hoped for. It appears that the post-modern mindset is somewhat biased itself, with one solemnly focussed on the negative outbursts of modernity, while shutting a blind eye on its usefulness. Rosenau identified in sum seven points of critic which impedes post-modern thinking from becoming the predominant school of thought in society and academia:

1. Its anti-theoretical position is essentially a theoretical stand.
2. While Postmodernism stresses the irrational, instruments of reason are freely employed to advance its perspective.
3. The Postmodern prescription to focus on the marginal is itself an evaluative emphasis of precisely the sort that it otherwise attacks.
4. Postmodernism stress intertextuality but often treats text in isolation.
5. By adamantly rejecting modern criteria for assessing theory, Postmodernists cannot argue that there are no valid criteria for judgement.
6. Postmodernism criticizes the inconsistency of modernism, but refuses to be held to norms of consistency itself.
7. Postmodernists contradict themselves by relinquishing truth claims in their own writings (1993).

Many people would not want to miss modern medicine when facing a disease; they would as well prefer to consult their doctor prior to some random layman when confronted with a difficult medical decision. It seems that natural sciences have found their place in modernity challenged by postmodern thinking. Poverty studies, however, fall into the realm of human studies, which are inherently more receptive for new philosophical streams. How to respond?

Principally, and this is a personal account, I agree on the multidimensional, ethically individualist perception of poverty. Poverty is individually defined, is multifaceted and priorities differ from community to community, and from person to

person. Therefore I strongly believe in the qualitative research method of postmodernism and in the respect I need to have for opinions different to mine (especially if it regards capabilities people value and have reason to value). However, I also believe that human beings share similar, *universal* (or intersubjective) feelings when facing poverty *as ill-being*: these include hunger, thirst, physical weakness, and *angst*, whether perceived by some stronger than others is in this regard subordinate. I believe that a majority of people perceive these feelings as unpleasant<sup>117</sup> and as a condition worthily of leaving.

Although *feeling* poor doesn't necessarily mean someone *is* poor, I still, however, believe that it feeds into *my* understanding of poverty as an emic "reality" for a community more broadly and a person more particularly. Aiming to capture and examine some of the factors causing and underpinning these feelings with quantitative rigour might hold the benefit of getting a better picture of oneself by seeing one in comparison to others. This comparison should lesser been seen as a competition, or as usage for approaching and examining an objective, invariant ontology which is independent of the conceptualisations of the human mind (as understood in logical positivism); it rather should be seen as an attempt to establish an inter-subjective/positional objective understanding of the living situations of individuals in communities in the society at large (at national, regional and global level). This reasoning aims to satisfy Sen's demand for a "situated evaluation" (Sen 2000a in Alkire, 2005: 123), and also aims to ensure that an ethical individualist CA is ontologically not detrimental to others living in the same community and again, the society at large. In other words, to avoid having evil/ harmful functionings incorporated in the capability set, it is crucial to facilitate a balanced, healthy self-examination and assessment of one's own capability

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<sup>117</sup> This is an important distinction to those who voluntarily seek hunger or angst for personal reasons.

aspirations of value. For this, a crucial precondition is to *compare* oneself with others. This comparison aspect is also among the reasons for adopting the chosen indicator-based analysis for the evaluation of poverty in Mozambique in chapter 3/Part II, one of the methodological ways Sen's CA is operationalized in this thesis.

The important question is rather, what concept of poverty to use as base for comparisons? This thesis identified valid reasons to postulate a normative demand for context-specific capability (real opportunity) comparisons, as opposed to others concerning income or consumption. However, as long as composed indices of capability deprivations are produced only in limited numbers, it is nevertheless worth operating with those readily available (and subsequently to establish an analytical link to Sen's CA, as shall be conducted in Part II of this dissertation). It is of complications as of this kind that the thesis aims to uncover authoritative findings as opposed to the one, invariant *truth*.

In sum however, science and academia has the task of serving society, therefore attitudes and activities need to adjust to what a changing society expects and increasingly demands. Postmodernism, for all its inherent weaknesses, brought one important aspect back into the focus of academia, which is that "those who practice science (...) accept the responsibilities that such interaction implies" (Prausnitz, 2001: 3631). This statement is nowhere as important as in studies on poverty. Ethics of poverty research demand the protection of the dignity of the individual. My personal opinion is that the multidimensional poverty definition is a *birth* of modernism and postmodernism transcending beyond (peaceful) coexistence into mutual appreciation. The research method for examination should hold the same quality. Thus, serving and empowering *the poor* while providing *expert advice* in the choice of valuable capabilities might be best achieved with the mixed method approach.

## 5.7 Practicality of Q-squared: How to mix?

The analysis so far put forward valid reasons *why* to apply a mixed method approach in analysing poverty in general and choosing capabilities in particular, which are mainly rooted in the investigation of a *multidimensional* phenomenon in an modern era severely challenged through postmodernism. The following subpoint will put light on the more practical concerns regarding the applicability of Q-squared research. This will be done in rudimentary form, as the combination possibilities are numerous and the scope of this chapter is limited<sup>118</sup>. Nevertheless, the main elements of any Q-squared study are:

- Is the study self-contained (ie will it collect all its own data) or is it opportunistic (ie does it use datasets that have already been collected by others)?
- How does the study combine its quantitative and qualitative methods - merging, sequencing or concurrent combinations?
- What particular mix of approaches is selected?
  1. Quantitative and ethnographic (Q & E)
  2. Quantitative and participatory (Q & P)
  3. Quantitative, ethnographic and participatory (Q & E & P)
  4. Participatory that yields both quantitative and qualitative data (PQQ) – this might also include ethnographic methods (Hulme, 2007: 19-20, 22)

Crafting from the elements above a study design will depend firstly on the research objective, the researcher's personal skills and preferences, his/her ontological and epistemological notions, as well as the resources available, including funds, time, and the quality of the data.

### 5.7.1 Self-contained or opportunistic study design

A Q-squared study design can be either self-contained, which means the study generates and collects its own data, or opportunistic, the analysis utilises existing datasets. In the latter case it can be further either fully opportunistic, which means the

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<sup>118</sup> For richer accounts to consult with see Marsland, et al. (1998) and Addison, et al. (2008).

researcher does not undertake any data collection of his/her own and uses solemnly existing datasets, or semi-opportunistic, which means that existing datasets are combined with some original data collection. Among the most common cases of opportunistic study designs are those where existing quantitative datasets are enhanced with some qualitative work (Hulme, 2007: 20).

Self-contained studies have the advantage of being highly qualitative for the specific needs of the individual study. A sample can be carefully chosen, resulting in findings which are more likely to be authoritative than conclusions based on non-customised samples. However, the disadvantage is its high work load. Large budgets are often as much required as time. The period between inception and delivery of findings is usually between 2 and 3 years, which makes the data collection alone a major time consuming task (Hulme, 2007: 20-21).

Opportunistic study designs on the other hand are of lower or no costs at all (although for some of the datasets it's been charged for). The researcher can focus on *analytical tasks* rather than data collection and can finish the study within a shorter period of time. However, these advantages have to be weighted against the inevitable compromises. Datasets not purposively design for a specific study runs the risk of not meeting the needs of the research objective. For instance, small samples may be an invalid research base for making generalisations across populations. Further, in cases where high quality data is not available the confidence levels in findings are diminishing accordingly. It is crucial, especially for quantitative, survey based datasets, to judge the data prior to its application<sup>119</sup> (Hulme, 2007: 20-21, 39).

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<sup>119</sup> Please note that the used datasets and sources in Part II (the QUIBB, the PO, *NationMaster*, CIA World Factbook, *inter alia*) have been chosen carefully in light of these observations by Hulme. They all have been considered strong bases for my analysis and subsequent advocacy.

### 5.7.2 Which mix?

Regarding which mix is the most appropriate to produce authoritative findings, Hulme reckons that a comprehensive Q&E&P mix is best if time, budgets and management capacities are relatively unconstrained (2007: 22-24). If this is not the case, he advocates for a Q&E combination. The choice of ethnography as the qualitative tool rests upon his conviction that it can elicit deep insights from poor people's lives and is well able to examine policy histories and institutional changes over time. However, ethnography requires a multi-gifted anthropologist/sociologist (Hulme, 2007: 23), wherefore participatory techniques may be the second/ more practical choice at hand. Hulme expresses doubts though regarding the quality of data generated from participatory methods. He expresses the fear that deep insights may be lost and that "the qualitative approach becomes a complement to the quantitative approach but is not its equal in terms of generating hypothesis and ideas, providing evidence and contributing to findings" (Hulme, 2007: 23)<sup>120</sup>.

Hulme's fear that qualitative data becomes obsequious when generated from participatory methods is valid. Yet, this is rather a problem of perception (or better misconception) than a problem of the method as such. Quantitative analysts who fail to appreciate the richness of findings extracted from participatory pluralism have to be persuaded and convinced. Chambers states that

The credibility of what is learnt through participatory approaches and methods is increasingly recognised. It almost goes without saying that data and insights from participatory local processes usually have a richness and authenticity of detail that gives them a special authority (2007: 47).

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<sup>120</sup> Hulme states in footnote 20 though that he observed only one PRSP and that he bases his statement on accounts of colleagues judging PPAs (2007: 43).



Further, “PPAs have repeatedly revealed poor people’s realities to differ from what professionals have supposed” (Chambers, 2007: 45). For instance, for rural focus groups in five sub-Saharan African countries theft, after sickness, was the second most commonly and *surprisingly* identified cause of poverty (Narayan et al, 1999, in Chambers, 2007: 45)<sup>121</sup>.

Finally, participatory methods require an as much “gifted” field worker/facilitator as it is required to have one in the ethnographic method. The person has to rise to the challenge of making “lowers” feeling powerful, emancipated and capable of producing research findings which stands the scrutiny of (often sceptical) “uppers” or outside analysts. Facilitating these capacities will enrich the research substantially. These are all valid reasons for a combination of Q&P.

For whatever mix is chosen however, Hulme lists study examples for each to which I’d like to allude the reader’s attention. However, he excludes one mixing combination, which is E&P, as this is unlikely to have a quantitative component (2007: 27-38).

### **5.7.3 Timing of the mixed method**

Having decided with which mixed method approach one wants to work with, the timing of the study has to be thought of. Findings are likely to differ when chosen from the three different possibilities as identified by Marsland et al, (1998: 5-7 in Hulme, 2007: 24): merging, sequencing and concurrent.

As Appendix 4 is showing, *merging* consists of swapping tools and attitudes from both traditions into one framework, i.e. include open ended interviews at the end of a formal survey or code qualitative findings into a quantitative index.

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<sup>121</sup> This example illustrates how small, relative specificities can have consequences on absolute terms indeed (please be referred to the critique of Nussbaum’s list in chapter 4.9.5.1/Part I).

*Sequencing*, with quant raising questions for qual or qual to inform quant, is probably the most often used means of mixing methods (Hulme, 2007: 24). This approach involves a careful selection of which method is to be applied first in order to maximise the studies utility. By focussing and maximising the strength of one method first its contribution will be felt in the craft of the subsequent method. It becomes apparent that findings will differ accordingly when decided with which method the study is to start first with. Most common sequenced combinations are therefore the qualitative-quantitative-qualitative approach or the qual/quant triangulation.

The last possibility is the so-called “Mixed Suite”, using *concurrent* tools and methods from the different traditions. An example would be to conduct sample surveys and participatory methods at the same time while in the field. For its advantage of being less time consuming and logistically easy to conduct, it has to be criticised for its incapability to let individual method findings influence each other. Questions and aspects being brought up during a participatory session for instance cannot inform the compilation of questions in a sample survey. Rather than informing each other, qual/quant runs parallel to each other (Hulme, 2007: 25).

#### **5.7.4 Mixing possibilities**

Based on the various possibilities to mix research methods, Chambers identified the following most common combinations to be found in the literature:

- Qual to identify hypotheses or questions for quant to test or explore
- Qual to identify and explore what quant will miss, or that quant cannot broach
- Qual to crosscheck and correct quant, and calibrate degrees of error
- Qual to probe causalities, including illuminating correlations from quant
- Quant (where there are time series) to identify trends in whatever dimensions are measured
- Quant to provide cross-section comparisons between different individuals, households, groups and communities, and across regions, countries and continents

- Quant to provide estimates of prevalences and distributions within population areas
- Quant to triangulate with qual (2007: 25)

As previously stated, the most authoritative findings are probably been compiled if time and finances are unconstrained and a team of experienced researchers is able to conduct a sequenced and merged, self-contained application of Q&E&P with a triangulation component (for instance self-generated quantitative data (for instance on capability deprivation) can be cross checked with existing data from the World Bank or data from DHS<sup>122</sup>). However, any divergence from this ideal does not inevitably result in invalid or non-useful findings. A single, inexperienced researcher can follow good practice and reveal insights previously unknown. This leads to the last note on “how to mix”, which regards the *limitations* of an applied Q-squared approach. As previously quoted, Streeten once argued that “the only forum where interdisciplinary studies in depth can be conducted successfully is under one skull” (1974: 26). When a Q-squared research project requires a team, it will be crucial to compile a group of likeminded people of interdisciplinary mindsets. If this is not possible, a single, multi-faceted researcher conducting a smaller study might be the better choice at hand.

This last comment leads also into the more complex and morally ambiguous discussion regarding the specific role of the poverty researcher, who might fear an erosion of personal influence in Q-squared research settings, especially if it has a strong participatory element. This fear, from my point of view, is however unfounded, as I would argue that, in determining valuable capabilities more precisely, and in the wider field of poverty studies more broadly, informed judgements of the researcher remain significant, *if* they are drawn upon rigorous study on context specific conventions, social and psychological theory, philosophy, religion, anthropology, economics, and so

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<sup>122</sup> Demographic and Health Surveys (<http> 14).

forth, *and* if conducted with the highest due amount of respect for the particularities of poor persons as subjects of a study.

In short, the role of the educated researcher should be that of an expert and “safety net” to consult with when value judgements in regard to trade-offs is required. In doing so, the person should be openly aware of hers biases and objectives, and should be as explicit about these as possible, which includes being open about ones advocacies as well. The incorporation of the poor as strong analytical forces in the analysis of their living situation is an enrichment of any study. However, as of its deprived status, the poor person might lack the time, and maybe the intellectual comprehensiveness, to scrutinise the *complexities* beneath a person’s status, which is caused by such intertwined national and international factors as *glocalised* economics, political philosophy, trade policies, IR theory, climate change, *inter alia*. On the other side, the researcher, as part of his/hers terms of reference, has the obligation to analyse as much as possible the various relevant policy documents produced by the plethora of actors usually involved at country level (governmental bodies, national and international non-governmental actors, interest groups, and so forth). This is not only a time-consuming task, but also often an intellectual challenge. People living in poverty might lack, to a certain extent, both factors, which specifically determines their status to a great extent (this statement is conducted in all due respect to the sensitivity of claiming a person intellectually deprived and I hope the reader will not misunderstand my concern). Thus, theoretical reasoning (and introspection falls within this category) remains valid and important, *if* conducted in the most transparent form, *if* drew upon public discussion and scrutiny (Alkire, 2007: 9), and *if* triangulated with quantitative data.

## 5.8 Recapitulation

The aim of this chapter was to present the (primary) research method to be applied in the selection and weighting of capabilities in the subsequent re-measurement of multidimensional poverty in Mozambique. Q-squared was diachronically discussed in its ontological and epistemological context, while light was put on the method's practical applicability for researching poverty (however conceptualised) in more general.

This was chosen, because capability selection has to respond as much to poverty in its multidimensional vignette as this phenomenon demands from a conceptual/evaluative framework at large; thus any single inquiry technique, whether quantitative or qualitative, is at best limited, and at worst, misleading in encountering this process. The selection of capabilities, which requires a context-specific setting with triangulation of subjective, individual criteria, needs to be done in further triangulation with already existing or newly created quantitative data sets, to ensure as much as possible the robustness of the findings, and, if possible, its comparability.

Concerning the current philosophical *Zeitgeist*, the chapter aimed to work out that Q-squared is a “birth” of modernism and postmodernism transcending from a peaceful coexistence into a sphere of mutual appreciation. It is a move back to the roots of poverty research, to Booth's 19<sup>th</sup> century mixed method analysis of poverty in London, even though poverty was back then differently conceptualised as demanded for in this thesis.

The author is convinced that valid reasons have been identified to claim firstly that Amartya Sen's context-specific selection of capabilities is analytically related to the contemporary state of the arts in the epistemic community of poverty research;

secondly, it hopefully achieved the justifiably verification of the paper's second hypothesis:

If poverty is conceptualised as the deprivation of capabilities, then the mixed research method (quantitative and qualitative) ought to be used to determine and weight valuable capabilities.

## 6 Returning to the CA: Criticism and operationalization

In this part of the thesis the discussion returns to the CA as a framework, in which critiques and operationalization examples are presented and discussed. The CA has sparked many responses, which can be separated in affirmative and dismissive kinds. The former praise the CA for reiterating the almost forgotten connection between moral philosophy and economics, established by such important scholars of the economic discipline as “Adam Smith, Thomas Malthus, John Stuart Mills, Francis Edgeworth and Alfred Marshall” (Schischka, 2002: 10), which ultimately enhanced our knowledge of well-being analyses beyond mainstream economic frameworks (Atkinson (1999), Cooper (2000), De Martino (2001), Desai (2001), Pressmann (2000), *inter alia* in Schischka, 2002, 8-11<sup>123</sup>). Others have praised CA analysts for strengthening the positions of certain eminent 20<sup>th</sup> century economists, such as “Kenneth Arrow, Paul Samuelson and Joseph Stiglitz” (Basu, 1999 in Schischka, 2002: 10).

Other criticise the CA from various angles. The first category of criticism regards the analytical vignette of the CA. Several writers appreciate Sen’s criticism of traditional welfare economics, though questioning the CA as an adequate alternative. Gasper for instance wonders whether human life and development may just be too complex to be comprised in categories of choice and capabilities (2002). From the same angle argues Sudgen, who wonders whether, “given the rich array of functionings that Sen takes to be relevant” and “the extent of disagreement among reasonable people about the nature of a good life” (1993: 1953), the CA is simply too demanding in regard to its deliberate breadths and informational pluralism. These arguments, valid as they are, have been addressed however in this thesis (the CA as a well-being framework fits poverty as ill-being particularly well, wherefore well-being shall be defined *ex-negativo*

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<sup>123</sup> To name a few not already mentioned, such as Alkire, Robeyns, Deneulin, Clark, *inter alia*. Most of its proponents might be found in the directory of the HDCA.

to achieve an intersubjective understanding of functionings of value). Therefore, I follow Clark in his assessment that these lines of criticisms “misrepresent Sen’s actual position and conflicts with the available evidence on value formation” (2006: 6).

A second and probably more severe and well-known line of scepticism regard the question whether the CA, other than its normative and theoretical attractiveness, is a model for practical consideration and operationalization (Sudgen, 1993: 1953). In other words, “(d)o we have any evidence that the capability approach is making a difference to empirical studies or policy evaluations, or is having an impact as the basis for a critique of social arrangement?” (Robeyns, 2008: 3)

A short answer may be yes, although much further work needs to be done, both analytically and empirically, to enhance the frameworks theoretical robustness and practical attractiveness. As a relatively young framework it currently merges from a thought into a competitive development paradigm, which may nevertheless best described as a learning process; my subsequent evaluation of poverty in Mozambique in Part II aims to contribute to this transition. As of empirical applications so far, the CA has been used with a variety of mostly *quantitative* research techniques, such as “descriptive statistics of single indicators, scaling, fuzzy sets theory, factor analysis, principle component analysis, and structural equation modelling” (Robeyns, 2008: 4). Several observations from these studies are worth mentioning.

The first is that basically all applications were opportunistic used existing datasets (Robeyns, 2008: 4). These files have been brought together without the notion of poverty as capability deprivation; neither has been asked for achieved functioning



levels<sup>124/125</sup>. These are issues already highlighted and discussed in chapters 3 and 5.7.1/Part I.

The second observation has also been mentioned in this thesis already, which is that of the often scarce theoretical explanation which underpins quantitative measurement exercises (chapter 3 and 5/Part I). In the complicatedness of producing econometric and statistical sound results, the philosophy beneath is neglected at times:

both the selection of relevant functionings and the choice of the relative weights can be theoretically underpinned. But unfortunately, most measurement studies do not spend any time explaining and scrutinizing the normative underpinnings of the statistical techniques they use, and are writing for a narrow readership of fellow econometricians and statisticians (Robeyns, 2008: 4).

Thus, theoretical specifications in relation to the choice between functionings and capabilities, the capability selection, and the issue of weighting of different capabilities, are often omitted. With this Part I I aimed to avoid that mistake, and in the subsequent Part II I will further clarify aspects of the case study of Mozambique (chapter 3, 4 and 5/Part II).

However, applications of the CA haven't been confined to quantitative studies alone. As Robeyns highlights, several qualitative empirical techniques have been used by scholars as well. For instance, Alkire (2002) used participatory techniques for her study of three small-scale development projects in Pakistan. Wolff and de-Shalit (2007) used several qualitative methods (interviews) on deprivation analysis in affluent societies (in Robeyns, 2008: 4).

As of the highly multi- and interdisciplinary character of the CA, it remains a challenge to cluster these studies into categories. However, Robeyns singled out in sum

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<sup>124</sup> As of this reason the OPHI is very active in pushing its research theme "Missing Dimensions of Poverty Data" (<http> 15).

<sup>125</sup> The same problem has been noted by Ysander 1993 already, who stated "that in an overwhelming number of cases, researchers using the CA have failed to measure and observe anything that could be called a capability" (in Schischka, 2002: 9).

nine different types of capability applications, which are both analytical and empirical: (1) General assessment of the human development of countries (Human Development Reports); (2) Assessment of small-scale development projects; (3) Identifying the poor in developing countries; (4) Poverty and wellbeing assessments in advanced economies; (5) Deprivation of disabled people; (6) Assessing gender inequalities; (7) Debating policies; (8) Critiquing and assessing social norms, practices and discourses; (9) Functionings and capabilities as concepts in non-normative research (2008: 4-5)<sup>126/127</sup>.

As it would be beyond the scope of this study to discuss all these studies in greater detail, I would like to list these *operationalization examples* as an extra sub-point in the Bibliography<sup>128</sup>. Certain conclusions are nevertheless possible from this overview. The first is that the CA *is* operational, even though it is complicated (as shall be seen in Part II of this study). As Clark puts it: “The sheer number, quality and diversity of practical applications that have emerged in recent years arguably lays to rest any remaining concerns about the possibility of making the CA operational” (2006: 12). Yet, caution is required. As outlined throughout this thesis, the CA’s “relative usefulness often depends on the kind of questions being addressed” (Robeyns, 2008: 6), and encountering problems in the operationalization process has to be considered as part of the research. In regard to multidimensional poverty assessments however, the CA’s “radical under-specification” has distinct advantages as in comparison to its competitors, even if it “still struggles with some problems that other evaluative frameworks face” as well (Robeyns, 2008: 6). Many problems can be addressed

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<sup>126</sup> This list is not exhaustive, as many studies are, for instance, confined to the analysis of one single capability such as health or nutrition (Robeyns, 2008: 5), or as seen in my *illustrative example* of the achieved functioning of being a pilot for a living (chapter 3.3.7/Part I).

<sup>127</sup> For a further overview of applications of both Sen’s and Nussbaum’s CA, please be referred to Schischka (2002).

<sup>128</sup> The list is extracted from Robeyns literature review (2008).

however if mistakes mentioned, especially in regard to quantitative measurements of capabilities and its theoretical specifications, are avoided.

Further, as in regard to the CA's critics, most of those arguments it attracted were certainly countered in the fine-tuned outline of the framework in this Part I, which notions that the framework addresses *relevant* questions as in regards to poverty, though doesn't claim a universal truth in light of its application, or any omniscience regarding the various ambiguities of the human apparatus as a social creature. Thus, as Clark points out, most critics basically re-construct core strengths of the CA into weaknesses (such as its deliberate incompleteness (2006: 5)). Others appear to favour alternative questions as the relevant ones, and subsequently focus on these. Some criticism is also caused by confusion over the CA as a framework, which got already addressed when misunderstandings in regard to the CA were discussed (such as whether the framework is too individualistic or too paternalistic (discussed mostly in chapter 4/Part I).

However, what also becomes apparent when reviewing the critical literature is that it mostly emerged actually either before *Development as Freedom* was published in 1999 or shortly after, thus *before* enough time passed to initiate the aforementioned learning process to put theory into practice. Yet, it can also be argued that without this valuable scepticism the CA wouldn't have achieved a ground robustness it certainly has by now<sup>129</sup>. As of this, it is worth scrutinising the CA analytically on a continuous basis, while conducting empirical applications, which is the aim of this PhD thesis.

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<sup>129</sup> After all, these criticisms provided Sen, Nussbaum and other supporters of the CA enough analytical space and attention it certainly needed to avoid suffering from the same misfortune causing the BNA to be outpaced as the predominant concept of human development. As Silber points out, it wasn't only analytical limitations within the BNA which caused its replacement by the CA as the more attractive human development paradigm, but also an "absence of "successful entrepreneurs of ideas"" in the concept of competing ideas (2007: 42).

## 6.1 Recapitulation and Last remark

This chapter aimed to round up this thesis' presentation and discussion of the CA, by presenting the criticism it sparked and by showing how it might be operationalized. Putting theory into praxis is certainly possible, despite the problems that inevitably arise considering the framework's young age and radical under-specification. However, in a last remark about the CA I want to discuss the biggest challenge it faces in public discussions: the claim of being overly positive, naive or "soft" in general<sup>130</sup>, a discussion which also aims to bridge towards the introductory statement that any contemporary work on poverty can justifiably and auspiciously be on people's well-beings, as opposed to ill-beings.

It appears fair to state that the contemporary state of the arts on poverty research and analysis got greatly shaped in just a few years between 1999 and 2006. Although shaping development policy for over 20 years at that point, it was Sen's 1999 *Development as Freedom* which culminated his works on human development and the CA, and which brought his notion of poverty as unfreedom to a wider public. It was within the same and subsequent year that Narayan's *Voices of the poor: Can anyone here us* gave a strong testimony and approval to Robert Chambers strong and long demanded plea to *place the last first*.

Finally, critics who thought of Sen, Chambers, Narayan and others as naive and idealistic scholars apart from the hard economic, political and social *reality*, found themselves disabused by the remarking success of the microfinance organization and community development bank, the Bangladesh based *Grameen Bank*, which brought its

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<sup>130</sup> My experience in conversations with colleagues and friends in discussing the CA has been that the framework appeared appealing, though very naive in regard to the collective work of state and non-state actors necessary to make it function. Also, the agency aspect of people living in poverty has been questioned. For a more academic discussion of this phenomenon, please see Motmans, who identified economic policy the "hard issue" and social policy the "soft issue" in public discussions on what is "best" for regional development (2006: 2).

founder Muhammad Yunus 2006 the Nobel Peace Prize. The operational success of the bank reads remarkable: According to statistics provided on the bank's webpage as of May 2009, the total borrowers of the bank number US\$7.34 million, 97% of them are women. Borrowers of the bank at present own 95% of the total equity of the bank, the remaining 5% is owned by the government. Total amount of loan disbursed by the Grameen Bank since inception in 1983 is US\$7.97 billion, of which US\$7.07 billion has been repaid. Current amount of outstanding loans stands at US\$715.08 million. Projected disbursement for the year 2009 was US\$1091 million. The bank claims a loan recovery rate of 97.94% (http 16), however critics remain sceptical as of the accuracy of this high rate (http 17).

Nevertheless, a 2008 study conducted by Hossain and Knight on the recent literature against microcredit, which emerged regarding "loan repayment, high interest rates, exploitation of women borrowers, ineffective microfinance provision to target groups, unchanging levels of poverty and failure to cater effectively to the target groups" (Holt, 1994; Dignard and Havet, 1995; Christen, 1997; Mallick, 2002; Brau and Woller, 2004 in Hossain and Knight, 2008: 2), found nevertheless that "despite some criticisms, microfinance is making a significant contribution in uplifting the livelihoods of disadvantaged rural communities in particular women" (2008: 1).

It is basically the success of the microcredit and other empowering work schemes, (such as the World Food Programme's food for work (FFW), food for training (FFT), food for education (FFE) schemes) which, despite of having the possibility to be discussed in greater detail in this thesis, is among the strongest convincers that believing in and empowering the poor, and investing in their capabilities (especially of women as

particular responsible actors<sup>131</sup>), is the fastest and most sustainable *pro-poor policy* there is.

However, agency is just one aspect of the CA which is important for improving living situations; the other requires changes in social structures. Sceptics who think that this is too naive to see it “realistically” demanded from the plethora of actors Sen is prescribing this responsibility to should be alluded to developments taking place in the wider academia as such, including the aforementioned findings on the positive characteristics of the human nature (chapter 4.9.3/Part I). Another development of important concern is the contemporary work on the human psyche. Worth noting is the research on *positive psychology*, a branch within psychology sparked by the then-president of the American Psychological Association, Martin Seligman in 1999, which basically concentrates its analytical focus on the *strengths* of the human psyche as an active force for change of attitude.

Positive psychology devalues subconscious as the main (and most important) driver for human well-being and actions (the predominant notion in psychology based on Sigmund Freud’s theory), and emphasises the conscious and active pursuit of happiness, harmony, balance, empathy, and other *positive* features of the human mind and spirit that greatly constitutes our well-being. This academic branch places the term *character* back at the centre of a psychological healthy life<sup>132</sup>. In this understanding human actions are a question of character, the pursuit of ethical virtues identified universally (intersubjectively) and valued morally. Through the study of historical,

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<sup>131</sup> In fact, the success of the microcredit scheme is mostly due to its focus on women. This is in line with much of contemporary research on poverty, and Sen always considered the role of women in his CA and for social change as crucial (he devoted an entire chapter of *Development as Freedom* towards “Women’s agency and social change” (1999, ch 8) and published a great amount of his work in journals devoted to feminist and gender issues).

<sup>132</sup> Positive psychology and phenomenology are both complementary, as it considers the *consciousness* and *intentionality* as strong forces for human actions and behaviour. This is not to deny that the subconsciousness is an important factor in preference and value formations; however, it rather liberates the individual from these forces considered greatly out of the person’s control.

philosophical, religious, ethical and psychological literature, positive psychologists believe to have identified six ethical virtues shared universally by human beings: wisdom and knowledge, courage, humanity, justice, temperance and moderation, transcendence. In the notion of these psychologists, *training* these virtues is actively possible and a question of character, possible to develop and as open for stimulation as the innate evolutionary characteristic to show empathy and morality (Schiessl, 2009; Compton, 2004).

In other words, *positive* characteristics of the human apparatus and spirit, such as empathy, morality, justice, moderation and humanity, which are utterly important for the CA to function, are possible to be trained and pursued actively, and thus not a naive notion of capability advocates merely. These findings hint well towards the human *capability* and capacity to show *social responsibility*, as much as in the *Philosophy for Peace* notion that humans are well able to pursue peace actively. As of this I found the exclusion of a Hobbesian element in Sen's framework justified.

Remaining positive whilst being shocked about the well over 1 billion absolute (income) poor becomes then also lesser an issue of naivety if looked at the successes the aforementioned fields produce. Within ten years concepts previously thought of as being overly "soft" (though identified as important aspects of ill-being and to initiate "good change") receives now greater academic attention and practical empirical validation. It is maybe of developments as these that follow-ups on people who have left poverty actually paint a quite positive picture. In the follow-up to the *Voices of the Poor*, Narayan et al. (2009)<sup>133</sup> presents life stories of more than 60.000 people in Africa, East Asia, South Asia, and Latin America who all moved out of poverty and actually stayed out of it. It is of those "successes from the bottom up", that ultimately exclude

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<sup>133</sup> Moving out of Poverty: Success from the Bottom Up (Narayan, et al., 2009).

the option of remaining *comfortably* sceptical, when changes in social structures are demanded in order to facilitate the improvement of an empowered agent's well-being.



## 7 Recapitulation Part I

My MPhil/ PhD project aims to operationalize the Human Development and Capability Approach of Amartya Sen. My research strategy has thus been twofold: firstly, and as conducted in this Part I of the thesis (my Master's thesis originally titled "Conceptualising Multidimensional Poverty: Amartya Sen's Capability Approach Examined", successfully defended in July 2009), I analysed and discussed the evolution of the definition/understanding and conceptualisation/evaluation of *poverty* diachronically, that is, over time and space, up until the contemporary, inter-subjective understanding of it as a multidimensional phenomenon, that is subject to evaluations of various kinds (income, utility, capability, *inter alia*).

Special focus has been granted onto Amartya Sen's work on the Capability Approach, which has been presented and critiqued theoretically, hermeneutically, and in comparison to Martha Nussbaum's version of it. The study concludes that Sen's radically underspecified framework has *substantial* advantages in comparison to its peers in ensuring prolonged pro-poor policies, as it notions the poor as active agents of change, is sensitive to human heterogeneities, is active whilst possibly remaining indirect (that is, it focuses on the expansion of opportunity freedoms, not on the agent herself), is ethically individualist in an ontological un-solipsist world, and addresses questions of relevance in poverty analysis in a balanced coherency. It was argued that as an outcome and status oriented framework of "well-being" it *matches* particularly well the intersubjective *contemporary* understanding of poverty as multidimensional "ill-being", that is, a scant living status in society (chapter 4.1/Part I). The outcome of this theoretical research is an article publication titled "Reviewing 'poverty' as an object of study: Seeking a conceptual match of well-being with the intersubjective understanding

of ill-being”, with the *In-spire Journal of Law, Politics and Society*, vol. 5(2), Winter Issue 2011.

I further argued that for the determination of valuable capabilities a Q-squared research design is the best option to ensure the display of the framework’s full potential in regard to freedom of choice, individual autonomy and social responsibility, the latter considered the contemporary reason from referring having a Hobbesian element to incorporate in the proposition’s analytical vignette. The argumentation arrived upon a theoretical and hermeneutical analysis of epistemological, ontological and practical considerations regarding this research approach. The thesis is certain that valid reasons have been identified to claim the verification of the first part’s two hypothesis/propositions:

If poverty is inter-subjectively understood as a multidimensional phenomenon, then Amartya Sen’s concept of poverty, the Capability Approach, ought to be used as the evaluative framework.

If poverty is conceptualised as the deprivation of capabilities, then the mixed research method (quantitative and qualitative) ought to be used to determine and weight valuable capabilities (subsequently labelled Q-squared).

This fundamental philosophical clarification will serve as the *research rationale* for the empirical implementation of the CA onto the case study Mozambique. The study design has been chosen in light of its feasibility to be implemented by a single researcher within a limited financial margin. As of these two restraints some concessions in regard to data collection and scope of study were unavoidable.

The second part of the study will follow a three tier research approach to implement Sen’s CA in Mozambique: firstly, I will use the CA to evaluate poverty in post-war Mozambique, by applying a predominant *indicator-based analysis* of the

provision of some basic opportunities for Mozambicans<sup>134</sup>. Mozambique is an interesting development case, as it has been labelled by selected donors, such as the World Bank, as a success story in its poverty reduction efforts, as it enjoyed an unprecedented increase in GDP per capita (PPP) in the years following the 1992 peace accord. While I will argue that this progress is commendable, I am nevertheless proposing to apply a more far-reaching analysis to ultimately determine whether poverty is actually reduced or not. The CA framework will serve as the evaluative framework for this analysis.

Secondly, I will critique the official unidimensional, consumption based poverty measurement in Mozambique as unsuitable to put attention on necessary policy action for the eradication of poverty defined as the absence of some basic capabilities.

Thirdly, and based on a questionnaire and selected interviews I conducted for the study with renowned experts on the country case, I re-estimate poverty quantitatively, by deploying Sabina Alkire's and James Foster's proposed *Counting Approach* (2008b; 2009c) to measure and compare multidimensional poverty in Mozambique.

Whilst Mozambique has been ranked high on the new Multidimensional Poverty Index (MPI) put forward by the OPHI for the 20<sup>th</sup> Anniversary edition of the HDI 2010 (the index is methodologically based on the "Counting Approach"), namely as the 11<sup>th</sup> most multidimensional poor of 104 countries ranked<sup>135</sup>, it has not been individually

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<sup>134</sup> I say predominant because some interviews with selected experts on the case study have been conducted as well. The information gained from these interviews will be triangulated with the results of the indicator-based analysis.

<sup>135</sup> The MPI uses ten indicators in three dimensions of poverty to determine who is multidimensional poor, namely education (years of schooling, child enrolment), health (child mortality, nutrition), and standard of living (electricity, drinking water, sanitation, flooring, cooking fuel, assets), and applies an equal weighting system for each dimension, and also applies an equal weighting system for the indicators within the dimensions. An interesting finding of the MPI is that half of the world's MPI poor people live in South Asia (51%), and just over a quarter in Sub-Saharan Africa (28%) (Alkire and Santos, 2010).

analysed as of August 2010<sup>136</sup>. Applying the measurement individually onto country cases is a crucial task though, as outlined at length in Part I of this study, and in the words of Sabina Alkire:

The MPI fixes weights between countries to enable cross-national comparisons; alongside this we strongly encourage countries to develop national measures having richer dimensions, and indicators and weights that reflect their context as Mexico did and Colombia is doing (http 19).

Mozambique is certainly one of the poorest countries in the world, despite a constant economic growth of approx. 8% over the last 15 years. It is placed on the UN's list of the 50 Least Developed Countries (http 21), and accommodates 0.61% of the world's population living below the global poverty line of US\$1 a day (http 22). It continues to have one of the lowest GDP per capita in the world, and shows dramatic limitations in crafting human development (with US\$900 in 2009, Mozambique is ranked 218/228 countries worldwide in GDP per capita terms, and was ranked 172/182 on the 2009 Human Development Index).

Part of the problem, as research from the CMI in Norway (Tvedten et al., 2006), as well as own findings indicate, is that the government's current PRSP, PARPA II, while proceeding from a stated multidimensional understanding of poverty<sup>137</sup>, is evaluating poverty from a distorted notion of the CA<sup>138</sup>. Capabilities are narrowly thought of as the mere ability of the family unit to achieve average consumption levels, which are measured unidimensionally via the headcount ratio, the poverty gap and the

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<sup>136</sup> So far, the measurement has only been applied individually in a few selected case studies (Sub-Saharan Africa (excluding Mozambique), India, Bhutan, China, Latin America, such as Mexico and Colombia)

<sup>137</sup> "Because poverty is a multidimensional phenomenon, there is no single indicator that can capture all its manifestations" (GdM, 2006: 8)

<sup>138</sup> PARPA II concept of poverty: "the impossibility, owing to inability and/or lack of opportunity for individuals, families, and communities to have access to the minimum basic conditions, according to the society's basic standards" (GdM, 2006: 8).

squared poverty gap in monetary terms<sup>139</sup> (GdM, 2006: 10). From a multidimensional poverty and capability perspective, the paper falls short on two main fronts: the first relates to the understanding of capabilities as an irreducibly plural concept. Various human ends, such as education, participation, the ability to go about without shame, among others, are not considered, while consumption is used as the sole evaluative base for individual well-being. Secondly, the paper does not apply a multidimensional (capability) measurement, but rather works with the traditional unidimensional approach.

These shortcomings might explain the prescriptions of policies that are merely focused on increasing the economic output, with the intention to redistribute the *fruits* later (GdM, 2006: 29). Pro-poor policies are thus inevitably linked to the economic performance, a connection proofed important, but not necessary to support pro-poor policies (such as public investment in health care), which are well able to function in absence of economic growth under *support-led strategies* (Drèze and Sen, 2002)<sup>140</sup>.

Further are the statistical connections of income and consumption with the various kinds of impoverishment imperfect (e.g. inequalities of distribution within the household are obscured), and it is questionable whether promises of public spending, pro poor policies, are actually followed up<sup>141</sup>. My PhD project departs from the notion that these shortcomings are partly responsible for the prolonged deprivation and marginalisation of the most vulnerable sections of Mozambique's society.

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<sup>139</sup> The figures for the headcount index of poverty were based “on the potential capability of a family unit to achieve average consumption” (GdM, 2006: 13), which is the “the basic measure of individual well-being” (GdM, 2006: 9).

<sup>140</sup> Economic growth is indeed important to ensure pro poor policies; in fact, it is a useful instrument for expanding plural capabilities. However, pro poor policies, understood as the removal of unfreedoms (from a capability perspective), are well able to function under support-led strategies as well, important to keep in mind especially during times of economic slumps.

<sup>141</sup> In the mid-term evaluation of the WFP's Mozambique country programme 2007-2009, conducted by DARA, it has been identified that the governments' spending on school feeding, considered a useful pro poor policy, has been minimalist to non-existent, and that the government doesn't consider it a policy priority (2009). Assumed nutrition had played a stronger role in the measurement of capability deprivations, it might have been different.

Newly available data from Mozambique's third National Population and Household Census 2007<sup>142</sup> (INE, 2009), data from its 1997 predecessor, the two National Household Consumption Surveys 1997/ 2004, data from the Core Welfare Indicators Questionnaire (*Questionário de Indicadores Básicos de Bem-Estar* (QUIBB) 2000/01) and the National Demographic and Health Surveys (DHS) 1997/ 2003, as well as many indicators collected by the UN, the World Bank, the CIA World Factbook (and others) will make it possible, however, to evaluate poverty based on an indicator-based analysis, and to measure poverty multidimensional, by applying Alkire's and Foster's Counting Approach.

Certainly, translating the normative CA into practice is attached to great complications and limitations. One of them is that sub-Saharan Africa remains the region of the world with the weakest provision of national data, which, to a certain degree, will have an effect on the profoundness of the (opportunistic) quantitative analyses. A second problem certainly at hand regards the fact that the data used in the measurement of multidimensional poverty (from the QUIBB) was not gathered under the normative notion of poverty as (multidimensional) *capability deprivation*.

Despite these complications however, the study aimed to use data that proofs sensical to measure and evaluate poverty multidimensional, by selecting indicators as a meaningful *informational base* to assess poverty defined as capabilities deprivation.

To determine valuable capabilities, I'll make use of emic perceptions of the poor in Mozambique, brought together by the country's "Poverty Observatory"<sup>143</sup>, which deployed various participatory research methods to capture opinions of *eight thousand*

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<sup>142</sup> The Census contains information on 13 population and 6 housing indicators. Population: sex and age, civil status, religion, civil registration, place of birth and nationality, disability, language, literacy, school attendance, educational attainment, economic activity (occupation and industry), fertility, infant and maternal mortality. Housing: housing materials used, water and sanitation, source of energy, durable goods, access to and use of computers, access to and use of the internet.

<sup>143</sup> The poverty observatory (PO) was set up in 2002 to facilitate dialogue between the government and Mozambique's active civil society. 20 organisations are currently active in the observatory.

people in Mozambique's 102/146 rural and urban districts, on their perceptions of the causes of poverty. Upon triangulation with quantitative data and the results of the online questionnaire and interviews, capabilities Mozambicans "value and have reason to value" should be justifiably derived from these studies.

As judgment calls in regard to trade-offs and weightings of capabilities will inevitably appear in this study, I aimed to familiarise myself with the case of Mozambique as much as possible. For that reason I conducted a Book Review for the *African Studies Quarterly* on the country's cultures and customs (2009), and have reviewed Hanlon's and Smart's "Do bicycles equal development in Mozambique?" for the *African Affairs* (2010a).

To assure the accuracy of the measurement, I have further reviewed Addison's et al. "Poverty Dynamics: Interdisciplinary Perspectives" for the *Journal of Human Development and Capabilities* (2010b), and have attended HDCA-OPHI Summer School on Multidimensional Poverty Measurement and Analysis, hold at the *Pontificia Universidad Católico del Perú* in Lima (27 August – 12 September 2009), which equipped me with a deep understanding of the particularities of the 'Counting Approach' as a multidimensional measure.

In sum, these various activities proved helpful in successfully achieving the anticipated outputs of this doctoral research:

1. An article submission to *The Diplomatic Insight* with the call to "Capabilitise' the Poverty Challenge" in Mozambique (*The Diplomatic Insight*, vol. 4(2), February-March 2011b). It presents, partly, results of the indicator-based capabilities analysis for Mozambique (chapter 3/Part II).

2. An article submission to the *Global Affairs* containing the critique of the official measurement of poverty in Mozambique from chapter 2/Part II (“Measuring Poverty in Mozambique: A Critique”, *Global Affairs*, vol. 21, July-September 2010c).
3. An article submission to the *Journal of Development Studies* with the re-measurement of poverty in Mozambique in chapter 4 and 5/Part II (planned for my postdoctoral studies).



**PART II:**

**‘Capabilitizing’ the Poverty Challenge – The Case of Mozambique**

## 1 ‘Capabilitizing’ Mozambique’s Poverty Challenge

“Ser pober nao we nada” “*Being poor is nothing*” [‘is of no matter, of no consequence’]: this was written on a boat of fishermen from Inhambane, who are statistically poor. Throughout the country, for the great majority of the 8000 interviewees and the seminar participants, the Mozambican is not poor, but rather became poor, or is currently poor, therefore is able to get out of this situation as soon as there is a possibility to do so (...). To another poor person, “*It is the lack of possibilities to overcome certain difficulties*” (G20, 2004: 9)

This quote, captured in the Annual Poverty Report 2004 of the PO and partly used as the epigraph to this dissertation, will guide this second part of the thesis, the practical part which aims put theory to life. It can be read as a demand from impoverished Mozambicans themselves to stop defining poverty in traditional ways in terms of income or consumption, and to start defining it as “capability deprivation”, for which the policy focus is on real opportunity provision. Although it is not explicitly stated, defining poverty as “the lack of possibilities to overcome certain difficulties” is nonetheless a strong *implicit* call to put the CA into the focus of future research efforts.

This assessment seems to gain strength if placed in light of another quote captured by the PO, which defines poverty as follows: “Being poor is to not fight to beat poverty” (2004: 9). This is a quote which is particularly strong, as it highlights and captures the spirit that is alive in impoverished Mozambicans to tackle the fight against poverty as *active agents* rather than passive recipients of help from outside. It highlights more than anything else that Mozambicans want to have the *means* in form of opportunities and possibilities to help themselves. It also proves that an adaptation to poverty, the suffrage from “adaptive preference”, is far from observable.

The translation of the CA for the case study in Mozambique will take place in several ways. Following an introduction into the country case in chapter 1, chapter 2 sets out to meaningfully critique the way poverty is measured in Mozambique, by

analysing the measurements usefulness against the capabilities framework of Amartya Sen, which is, as I would claim, the philosophical base of the country's poverty definition used in the government's PRSP. Interestingly, PARPA has overworked its initial poverty definition following the results of the research provided by the PO (please see Appendix 1 and 2).

Considering the influence measurement techniques have gained on directing policies, and to judge progress made on reducing levels of absolute poverty, it concludes with a call to replace the current unidimensional poverty measure with a *multidimensional* measurement application, one that shall allow the better crafting of policy responses to fight poverty defined as “capabilities deprivation”<sup>144</sup>.

In chapter 3 a Capability analysis will highlight some real opportunity deprivations for Mozambicans. By applying an indicator-based approach to highlight deprivations in the capability space, I will use a mode of capability analysis that has been labelled “descriptive”, one that is qualitative and empirical, and that has elements of a narrative (Robeyns, 2005b). Examples of such a way the CA has been put in practice include Drèze and Sen (2002), whose capability analysis of India's human development achievements is a combination of (social) indicator analysis paired with descriptive analysis.

This part will be guided by the findings of the aforementioned PO, which has classified dimensions of poverty in the economic, political, social and human spheres.

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<sup>144</sup> Please note that the analysis of chapter 1 and 2/Part II was conducted between 2009 and mid-2010. It has been informed by the available literature and data at that time. Hence, results of the third national poverty assessment (MPD and DNEAP, 2010), which became only available in October 2010, informed the analysis retrospectively, but did not direct it at the time of writing. However, as the poverty headcount did not alter between 2003 and 2009, and the survey design remained “very similar” to the IAF's (MPD and DNEAP, 2010: xi-xii; 2), including the statistical procedure to measure Mozambique's official poverty headcount, this has had no effect on the main message and analysis of these chapters. Additionally, as the analyses of these two chapters have been transferred into published articles for *The Diplomatic Insight and Global Affairs*, it was chosen to leave the analysis within these chapters basically unaltered from the versions that were submitted for publication to the respective journals in May and June 2010.

In addition, I will present findings of selected interviews I have conducted for this study with knowledgeable experts of Mozambique, in which I enquired about dimensions of poverty to choose for in the re-measurement exercise of poverty, which will form the third and final application of the CA (chapter 4 and 5). The interviewees highlighted some real socio-economic and political problems in the country, which were labelled as burdensome for poor people. The interviews will hence be used in two ways: for guidance of the analytical analysis, as well as for the quantitative re-estimation of poverty in Mozambique.

Thus, putting the CA into practice will be methodologically conducted in two ways: through *analytical reasoning* and *critical analysis* (or qualitative research), as well as quantitative research, which were certainly mutual influential. Both approaches will be guided and fed-in by a questionnaire and interviews I conducted between February and April 2010 (to be presented in Chapters 3.5 and 4.4/Part II) with ten interviewees (some were followed up by telephone), who gave detailed information as to some of the most real opportunity deprivations Mozambicans are currently facing, and also towards the selection and weighting of poverty dimensions for the quantitative part.



In 1986, Mozambique's economy collapsed. This subtropical south-east African country of endless beaches, cashew nuts, prawns and tobacco, turned officially into the poorest of the world. The economic decision of the then FRELIMO<sup>145</sup> government to embrace Marxist-Leninist policies in 1977, which opted for a development strategy that emphasised the industrial sector and commercial agriculture in a planning tradition, was apparently a disastrous mistake. The economy failed to maintain monetary control, the production was excessively focused on non-tradable goods, and the microeconomic structures turned inflexible and inefficient (Tarp et. al, 2002: xiii). It pushed too rapidly for big projects and modernization, and gave too little support to the peasant sector, which remained the real base of the economy (Hanlon, 1996: 13). These policy decisions were taken when the country was caught in the midst of a civil war that started in 1976 and lasted until 1992, following nearly two decades of an already devastating independence struggle from Portuguese colonialism from 1962-1975.

In 1992, after 16 years of gruesome slaughtering with over one million casualties, Mozambique achieved a peace treaty which ended one of the bloodiest proxy wars of the last century. It overcame this dark period of its history by a tool which is seen nowadays as *the* formula of war termination: “a peace process premised upon the establishment of multiparty democracy” (Manning, 2002: 3). The democratization process was accompanied by a far-reaching structural reform of the country's former centrally planned economy towards a liberal market system<sup>146</sup>. The peace agreement and the following democratic transformation were supported by a United Nations peacekeeping operation (ONUMOZ) and a wide range of bilateral donors. Since 1992, Mozambique's citizens have experienced something most didn't ever have the chance of witnessing: a country free of fratricidal war or colonial oppression.

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<sup>145</sup> Front for the Liberation of Mozambique (*Frente de Libertação de Moçambique*)

<sup>146</sup> Following the country's official abandonment of Marxism-Leninism in 1987

Democratic structures emerged and the pace of stabilization and structural adjustment started to quicken up. The following 10+ years were characterised by the World Bank and IMF advocating adjustment programmes that followed a strict market-led model within the monetarist and liberal economic school of thought. In due course, Mozambique experienced for the first time an economic boost which has led to phenomenal growth rates: the GDP per capita (PPP) increased by 81.8% from an initial US\$163 in 1990 to US\$900 in 2009 (http 20). And further, the poverty headcount, measured by levels of consumption (that is, caloric intake) was successfully lowered from 69.4% in 1997 to 54.1% in 2003 (DNPO, 2004)<sup>147</sup>. This resulted in the World Bank stating that “poverty declined rapidly in Mozambique over the 96/97-02/03 period” (Fox et.al, 2005) or “poverty fell significantly between 1997 and 2003” (Fox et al., 2008: 4).

For many African observers Mozambique’s case is important and interesting, because it is one of the least likely success stories of its type on the continent. In 1992, when the FRELIMO-led government signed a peace agreement with its main opponent, the South African dependent rebel-group RENAMO<sup>148</sup>, it was hard to imagine a more unlikely candidate for a stable transformation process. The country and its resources were exhausted from the civil war. It had one of the lowest levels of GNP per capita, which lacked nearly all of the economic, social and political factors usually held to be necessary for a transformation process: “according to calculations made by the UN, the value of the destruction corresponds to 250 years of export revenues and is fifty times greater than annual aid to the country” (Abrahamsson and Nilsson, 1995: 2).

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<sup>147</sup> Based on the comparison of the two family consumption surveys IAF (*Inquérito aos Agrandos Familiares*). The third poverty assessment relied on data of the 2008/09 household budget survey IOF (Inquérito ao Orçamento Familiar 2008/09), which, despite “some small differences in the designs of the questionnaires”, is basically “very similar to the two earlier household surveys” with “their main objective, which is to measure consumption poverty at a given point in time” (MPD and DNEAP, 2010: 2).

<sup>148</sup> The Mozambican National Resistance (*Resistência Nacional Moçambicana*)

Due to the exploitation of natural resources it faced a lack of possibilities to attract international investment; the country also had a riven history of social strife, regional socioeconomic imbalance and political intolerance. Mozambique can be characterised as a country which had spent practically its whole existence as an independent nation-state absorbed in war, with only 10% of the 1992 population familiar with economic activity in pre-war times (Brück, 2001: 57). A weak civil society, one which depended heavily on international aid<sup>149</sup>, combined with an aimless operating rebel group RENAMO, which didn't seem to have the potential to be turned into a democratic political party, left little hope for Mozambique's democratic transformation (Manning, 2002: 5).

Yet, against all odds, Mozambique stood out as one of the more peaceable and stable countries in the region, and one of only a few UN post-conflict success stories in Africa (Bratt, 1997). A return to an armed conflict did not occur, large-scale political/structural violence was not notable, and neither of the former combatant parties had seriously questioned the required terms of the political conciliation. Reconciliation of former combatants was achieved without the necessity to fall back on a Truth and Reconciliation commission, but by reversing to the help of traditional healers and authorities (Hayner, 2001: 183-195). And despite the high prevalence level of poverty (Mozambique continuous to remain in the UN list of the 50 Least Developed Countries (http 21), accommodating 0.61% of the world's poor<sup>150</sup>), organised large-scale struggles have not reappeared in the last sixteen years. Cautious optimism permits for the argument that Mozambique is on a promising path of transforming "negative peace" into "positive peace" (Galtung, 1996).

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<sup>149</sup> Aid dependency measured by total net ODA as a share of GNI was still as high as 21.8% in 2003, turning Mozambique into one of the top five aid-dependent economies in Africa (Tamele, 2007: 4)

<sup>150</sup> "Poor" defined as living below the global poverty line of US\$1 a day. Mozambique is ranked 18/78 worldwide within this range (http 22)



Without a doubt, this development is commendable and admirable. However, this should not blur the vision that Mozambique's "positive peace" is *fragile*. That is, because sufficient conditions for sustained economic development are still not in place. Mozambique continues to be one of the poorest countries in the world, both in GDP per capita and human development terms (as previously stated, Mozambique is ranked 218/228 countries worldwide in GDP per capita terms, and 172/182 on the 2009 Human Development Index). Constituting a "growth without development" case, the proclaimed hope that stable growth rates would trickle down to the impoverished population does not appear to bear fruit. This second part of the thesis will aim to prove this hypothesis. In order to conduct such an analysis in a suitable manner though it is crucial to understand certain socio-environmental particularities of the context, to be discussed in the next subpoints (Mozambique's economic particularities will be discussed at length in chapter 3.1/Part II).

### **1.1.1 Socio-environmental particularities**

Mozambique is a country divided into 10 provinces (*províncias*) and 1 capital city (*cidade*) with provincial status, 129 districts (*distritos*), and 43 municipalities (*Municípios*), created since 1998 as part of the "Maputo Municipal Development Program" (Mozambique ProMaputo). The districts are further divided into 405 Administrative Posts (*Postos Administrativos*), and then into Localities (*Localidades*), the lowest geographical level of the central state administration ([http 23](#)).

## Map 2: Mozambique's Provinces



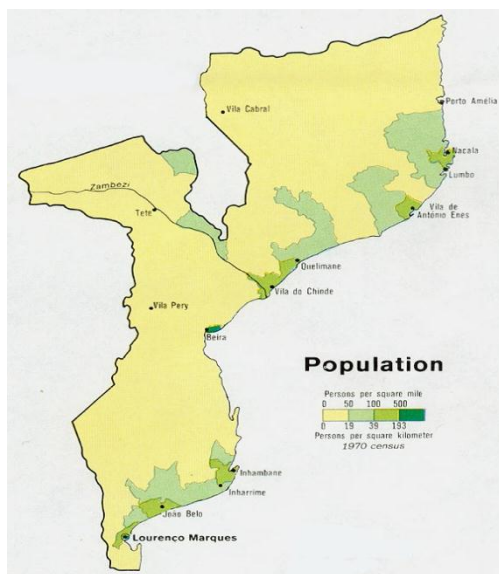
According to latest Census 2007 results, of Mozambique's resident population of 20,226,296, 9.73 million have been men, and 10.49 million women. This translates into 4,629,026 households, with an average household size of 4.4 people. In 60% of the cases, the household head was a man, and in 31% of the cases it was a woman. The census counted that 6,149 households were run by children aged between 12 and 14. In terms of age, Mozambique is a young society: 46.9% are less than 15 years old, 50.1% are aged between 15 and 64, and only 3.1% are older than 65 ([http 24](http://24)).

Due to the long lasting civil war and recurrent floodings and droughts in the hinterlands an increased migration of the population from rural to urban and coastal areas is observable (please see population distribution in Map 3). This has adverse environmental consequences, such as desertification and the pollution of surface and coastal waters ([http 20](http://20)). However, according to the census results, urbanisation in Mozambique

has not proceeded as quickly as in many other countries. The census found that 29.8 per cent of the population is urban, and 70.2 per cent live in the countryside. In 1997, the figures were not very different - then 28.6 per cent were urban and 71.4 per cent were rural. The most populous province remains Nampula with almost four million inhabitants, followed

by Zambezia, with 3.8 million. Nampula has increased its weight - from 19.1 per cent of the total population in 1997 to 19.7 per cent in 2007, while Zambezia has declined from 19.3 to 19 per cent. Tete is now the third largest province with 1.8 million inhabitants - 8.8 per cent of the total, a considerable rise from the 1997 figure of 7.6 per cent. The central province of Manica has also seen its population grow more rapidly than the average rate. It now has 1.4 million inhabitants, or seven per cent of the total (compared with 6.5 per cent in 1997). The slowest growth rate is in the capital. Maputo city now has 1.1 million people, or 5.4 per cent of the total. In 1997, the city held 6.1 per cent of the Mozambican population ([http 24](http://24)).

**Map 3: Population distribution in Mozambique**



Hence, with approx. 70% of the country's population living in the vast rural areas, it has dire consequences that the country's industry and services, which jointly contributed 71.3% to the country's 2009 GDP, is mostly concentrated in the southern province of the capital Maputo. This is certainly problematic from an economic development perspective.

### 1.1.2 Ethnicity, religion, and languages

Mozambique is a multi-ethnic, -religious and -linguistic society. In the following tables the country's main ethnic groups, the religious affiliations and languages spoken are listed (http 20):

<b>Africans</b>	<b>Europeans</b>	<b>Euro-Africans</b>	<b>Indians</b>
99.66% (Makhuwa, Tsonga, Lomwe, Sena, and others)	0.06%	0.2%	0.08%

**Table 4: Ethnicity of Mozambique**

<b>Catholics</b>	<b>Muslims</b>	<b>Zionist Christians</b>	<b>Others</b>	<b>None</b>
23.8%	18.8%	18.8%	17.8%	23.1%

**Table 5: Religious affiliations of Mozambique**

<b>Emakhuwa</b>	<b>Xichangana</b>	<b>Portuguese (official language)</b>	<b>Elomwe</b>	<b>Cisena</b>	<b>Echuwabo</b>	<b>Other Mozambican language</b>	<b>Other</b>
26.1%	11.3%	8.8%  (spoken by 27% of the population as a second language)	7.6%	6.8%	5.8%	32%	1.6%

**Table 6: Languages of Mozambique**

This rich diversity doesn't remain without consequences for Mozambique in regards of providing each citizen the same set of opportunities to live out their full agency freedom. This point will be discussed at length in chapter 3.5 of this second part of the Thesis.

### 1.1.3 Geography

Mozambique is a vast country, geographically speaking. Located between the S10° 27' South and the Longitude E30° 12' and 40° 51' of Greenwich, it is the world's 35<sup>th</sup> biggest country by land mass (799 380 km<sup>2</sup>), with a sparse population of only 20,226,296 million. According to an FAO<sup>151</sup> estimation up to 46% of Mozambique's total land mass is suitable for cultivation (2007: 2); yet as of 2005, the latest year of suitable data, arable land and permanent crops constitute only 5.72% of total land use. Only 1,180 km<sup>2</sup> is irrigated as of 2003. This certainly explains why in 2009 the agricultural sector only contributed 28.7% to the country's GDP (in contrast to the sectors industry (25.4%) and services (45.9%)), while at least 81% of Mozambique's labour force is occupied in agriculture, and only 6% in industry and 13% in services<sup>152</sup>.

Mozambique's natural resources are coal, titanium, natural gas, hydropower, tantalum and graphite (http 20). Farming systems are mainly agro-forestry and

diversified in the northern region where farmers practice shift cultivation of maize, sorghum, millets, cassava and groundnuts as the main food crops. Maize and groundnuts are highly marketable. Tobacco, cashew and cotton are the traditional cash crops. In the central region, maize, beans and cassava are the major food crops, though beans and potatoes are highly marketable. The southern region lacks suitable crop land, which leads farmers to practice extensive agro-pastoral activities (Mole, 2006: 1)

## 1.2 Recapitulation and outlook

Mozambique's potential to reduce levels of poverty meaningfully is linked to these (and certainly many further) socio-environmental particularities. As will be revealed, the country's current PRSP pays only limited attention to these "realities", particularly as it appears that it follows a neo-liberal post-Washington consensus

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<sup>151</sup> United Nations Food and Agriculture Organization

<sup>152</sup> The latest official account of labour force distribution is from 1997, and hence highly outdated (http 20).

dogma, which, in a “one size fits all manner”, places its neo-liberal free market and monetarist thinking onto the country case of Mozambique.

Yet, before engaging in this discussion, which will form chapter three, chapter two will critique the country’s official poverty measurement. It will be argued that the measurement is rather non-useful to put necessary policy attention on areas important to counter poverty defined as the deprivation of basic capabilities.

## **2 Measuring Poverty in Mozambique: A Critique**

As previously stated, Mozambique is a country that is riddled with poverty. On the other hand is it a country that has been hailed by the World Bank for its vehement reduction in poverty levels: “poverty declined rapidly in Mozambique over the 96/97-02/03 period” (Fox et.al, 2005: 2), or “poverty fell significantly between 1997 and 2003” (Fox et al., 2008: 4), reports stated. How is this possible? This chapter two sets out to meaningfully critique the way poverty is measured in Mozambique, by analysing the measurements usefulness against the capabilities framework of Amartya Sen, which is the philosophical base of the country’s poverty definition used in the government’s PRSP. Considering the influence measurement techniques have gained on directing policies, and to judge progress’ made on reducing levels of absolute poverty, it concludes with a call to replace the current unidimensional poverty measure with a *multidimensional* measurement application, one that shall allow the better crafting of policy responses to fight poverty defined as “capabilities deprivation”.

### **2.1 Introduction: Discrepancy unravelled**

In Mozambique’s current Poverty Reduction Strategy Paper PARPA II 2006-2009 (*Plano de Acção para a Redução da Proeza Absoluta*), poverty is defined as the “the impossibility, owing to inability and/or lack of opportunity for individuals, families, and communities to have access to the minimum basic conditions, according to the society’s basic standards” (GdM, 2006: 8).

This definition follows *implicitly* the logic of Amartya Sen’s capabilities concept, one which perceives poverty as a multidimensional phenomenon: poverty understood as the absence of some *basic capabilities*; which is a minimum set of “real opportunities”, people need to live the life they value (Sen, 1987: 36).

As outlined at length in Part I of this study, Sen famously argued that seeking equality of income or consumption, the traditional proxies of development within welfare economics and utilitarianism, is a misleading informational base to judge development and poverty. Various “inter-individual” and “inter-societal” conversion factors, such as personal heterogeneities, social norms, customs and conventions, as well as environmental diversities, *inter alia*, can prevent the successful translation of commodities (or means, such as income and consumption), into functionings (or ends, such as being well-nourished). Functionings are defined as plural achievements (beings and doings) of value, e.g. being well-nourished, employed, clothed or literate. To ensure this, policy makers and their partners in development (public and private institutions) ought to focus on enhancing and equalising people’s real opportunities (or instrumental freedoms), by improving the provision of, among others, economic facilities, social opportunities, political rights, transparency guarantees and protective securities. If this is ensured, a person can live out their full agency freedom (Sen, 1999: 19, 38-40).

*Post hoc*, with poverty being acknowledged in PARPA II as “a multidimensional phenomenon, there is no single indicator that can capture all its manifestations” (GdM, 2006: 8).

Against this assertion it comes as a surprise that the same PRSP operates with very “traditional” ways to measure poverty. What is used is the unidimensional headcount ratio, the poverty gap and the squared poverty gap, measuring consumption levels within the family unit. Of particular relevance for policy guidance is the headcount ratio, which reports the percentage of the population that falls below a poverty line, one that is usually related to income and is conventionally measured by total household consumption (Fox et. al, 2005: 1).



The National Directorate of Planning and Budget (DNPO) of the Ministry of Planning and Development (MPD), the government's key institution for poverty measurement, appraisal and monitoring, has chosen to base PARPA II on a consumption-based assessment of poverty, one in which

the basic minimum conditions were identified on the basis of an absolute poverty line measured in monetary terms that permits the family unit to obtain a basket of goods corresponding to a basic standard of living (GdM, 2006: 10).

With this measurement approach applied, the headcount ratio fell from 69% to 54%, based on the comparison of the two family consumption surveys IAF (*Inequérito aos Agrgados Familiares*) from 1996-97 and 2002-03, in both rural and urban areas of Mozambique (the data was collected by the National Statistics Institute (INE), who also collected the data for the QUIBB). These household surveys contain information on expenditure for a random sample of 8700 households (DNPO, 2004: 2). This figure is used to guide policy action, and as a headline to judge joint governmental and international community efforts regarding their poverty reduction strategies and policies. It resulted in the World Bank stating that “poverty declined rapidly in Mozambique over the 96/97-02/03 period” (Fox et.al, 2005: 2; in adapted formulation also in Fox et al., 2008); it allowed the IMF to conclude in their PRSP Annual Progress Report and Review of the GdM's Economic and Social Plan for 2003 that: “After all, it can be said that the PARPA central objective of reducing poverty incidence to less than 60% of the population by 2005 had already been met” (IMF, 2004: 22); it alludes researchers to believe that “absolute poverty has fallen rapidly” in Mozambique (Virtanen and Ehrenpreis, 2007: 1); and it puts the international community on the fallacious path to believe that Mozambique is on track to meet the MGD on poverty and hunger (MDG 1):

Significant achievements have been recorded in Mozambique, particularly within the context of poverty reduction; with incidence rates dropping from 69 percent in 1997 to 54 percent in 2003. PARPA II sets out clearly the government's commitment to reduce the incidence of poverty from 54 percent in 2003 to 45 percent by 2009. This path puts the country on track to reach the MDG on poverty and hunger (MDG 1) (http 102).

PARPA II's self-set target to further reduce the poverty headcount from 54% to 45% by 2009 (GdM, 2006: 1), has not been met according to the third poverty assessment which reports a stagnation of the headcount at 54% (MPD and DNEAP, 2010: xi – xii).

In the analysis to follow I aim to highlight the discrepancy between the definition of poverty used in PARPA, against the chosen way to measure poverty. It will be argued that the discrepancy results in the drafting of policies that are not useful in alleviating poverty defined as the deprivation of some basic capabilities.

## **2.2 Poverty as a lack of consumption: Measuring around the problem**

PARPA's consumption-based assessment of poverty operates with poverty lines that were defined in a way that attempts to reflect the wide variations in prices and consumption patterns throughout the country (Hanlon and Smart, 2008: 61).

Yet, what counts as consumption and what is *actually* measured is determined by definition. Contained in the measurement is the “the total value of consumption of food and nonfood items (including purchases, home-produced items, and gifts received), as well as imputed use values for owner-occupied housing and household durable goods” (DNPO, 2004: 4).

The validation of the different components of consumption (and income respectively) is done at *market prices*. What's problematic here is that monetary values should, in fact, be imputed into the measurement for those items that are not valued

through the market (Glewwe and Grosh, 2000). This can be done through approximation of expenditure data, and adjustments for the use of services from durables (Ruggeri Laderchi et.al, 2003: 8). Due to claims by the DNPO of econometric-quantitative limitations however, two important components of consumption, at least from a capabilities perspective, were omitted from the measurement in Mozambique: the “consumption of commodities supplied by the public sector free of charge (or the subsidized element in such commodities) and consumption of home produced services” (DNPO, 2004: 4, fn. 4).

In other words, the provision of public goods, defined as goods that are non-excludable and non-rival (as in opposition to private goods whose ownership can be transferred and contested (that is, a good consumed by an individual cannot be consumed by somebody else)), are not included in the consumption measure, as the IAF data do not permit quantification of these benefits. Examples would include streets, schools, public markets or water taps, the environment (including clear water, clear air, *inter alia*), defence and law enforcement, among others.

Thus, even though these goods will most likely enhance the well-being of an individual who is using those facilities, it is not accounted for in the measurement. Additionally, home produced services, such as cooking and cleaning, also add to a person’s welfare; yet, the IAF data permits neither quantification of those benefits. They are excluded from the consumption measure as well (DNPO, 2004: 4).

From a capability perspective, this is problematic in several ways: firstly, policy-makers will lack incentive to invest in and protect public goods, which is crucial for the enhancement of several “instrumental freedoms” (such as the creation of economic and social opportunities, i.e. through investments in public infrastructure, schools and health systems, *inter alia* (Sen, 1999: 38-40). That is, because their impact will not be felt in

*numerical terms*. Secondly, the identification of the poor for “evidence-based” targeting may favour those lacking *private* income. This will favour a market and private sector driven development model, against one that rather follows support-led processes and opportunities expansions, the latter the more appropriate choice within the capabilities framework for low human development countries (Sen, 1999: 35-36; 46). Hence, the measure tends, on the grand scale, to set incentives for policy actions that are based on a competitive market ideology, when, in fact, a solidarity model would be the more appropriate strategy for Mozambique, a point which I explicate in detail in chapter 3 Part II of this study (see also Vollmer, 2011b).

### **2.3 Applying the “Basic Needs Approach” to set poverty lines: Confusing caloric intake with nutrition**

To determine region-specific poverty rates for each of the 13 areas of the country, Mozambique’s first and second national poverty assessment (MPF et.al, 1998; DNPO, 2004) chose the cost of basic needs approach (CBN). The CBN differs to other models used within the consumption-based approach for the determination of poverty lines, such as the food energy intake, in the sense that it “does not suffer from the problem of inconsistent poverty comparisons”, as claimed by the DNPO (2004: fn. 6).

Poverty lines within the CBN approach were constructed

as the sum of a food and non-food poverty line. Once the poverty line has been constructed, households that spend less on a per capita basis than the poverty line are deemed poor (...). They are set in terms of a level of per capita consumption expenditure that is deemed consistent with meeting these basic needs (DNPO, 2004: 4-5).

Hence, each poverty line was set

as the sum of the nutritional poverty line established by nutritional standards of approximately 2,150 calories per person per day, plus a modest portion for non-food expenditures, determined on the basis of the

portion of the budget spent on non-foods by families whose total consumption is approximately equal to the food-related poverty line. The poverty analysis in 2002-03 was done to facilitate a comparison of the results from that period with the results from 1996-97 (GdM, 2006: 10).

For each of the 13 areas a “food basket” was defined, that aimed to reflect actual consumption of people close to the poverty line. The bundle for the 1996/97 survey covered 151 food commodities, the bundle for the 2002/03 survey only 20 to 30 items, which, nevertheless, accounted for 95% of the value of food consumption in 1996-97 (DNPO, 2004: 8). The food poverty line was then expressed in region specific monetary costs per person per day for meeting the minimum *caloric* requirements when consuming this food bundle (DNPO, 2004: 6).

The non-food poverty line was derived by examining the non-food consumption among those households whose total expenditure is equal or close (80% to 120%) to the food poverty line (DNPO, 2004: 14-15). Spending on non-food items such as clothing ranged between 18% of the total budget in rural Mozambique to 32% in some urban areas in 1996/97 (Hanlon and Smart, 2008: 61). For the 2002/03 survey the non-food spending was not specified in the DNPO.

By combining both poverty lines into one for each area, 69% of the population (11.7 million people) were classified “poor” based on the first IAF for 1996/97, and 54% (10 million) for the 2002/03 survey (Hanlon and Smart, 2008: 61).

The results of the DNPO are contested in the sense that the high fall of 15% in the headcount ratio is based on the use of a “flexible food bundle”, one that takes the substantial relative price changes that occurred between 1996/97 and 2002/03 in all spatial domains into account. As of these price changes, low-income households have incentives to change their consumption choices to take advantage of goods with relatively low prices and avoid goods with relatively high prices (DNPO, 2004: 9). The

stark increase of maize prices for instance forced the poorest sections of Mozambique to switch to the cheaper *cassava*, which is problematic because cassava is less nutritious than maize (Hanlon and Smart, 2008: 62).

As this consumption-based measurement does not take nutrients other than calories into account (such as iron, proteins, vitamin A, B, C, among others), the change in the type of food remains non-accounted for as long as the *caloric* intake remains the same. Critics have identified this measurement weakness (Hanlon and Smart, 2008), which is indeed acknowledged in the DNPO report as an econometric problematic limitation (2004: fn. 9).

It can be named as the main reason why officially the poverty headcount in Mozambique can decline (defined by caloric intake), while chronic (child) *malnutrition* is apparently on the rise (Hanlon and Smart, 2008: 60, 62). Indices of chronic malnutrition in children under the age of five are still extremely high in Mozambique, at approx. 41%. Between 2001 and 2003, child malnutrition declined by 3.6% in rural areas, with a small increase in urban areas (0.4%). Overall though, the number of chronically malnourished children rose from 36% in 1997 to 41% in 2003, turning Mozambique into a country with the highest rates of child malnutrition in Africa. It is estimated that approx. 1.3 million children are chronically undernourished (DARA, 2009: 2). UNICEF argues that chronic child malnutrition can act as a well suited reference indicator for the general well-being of a population (Dupraz et.al, 2007: 94).

Based on the comparison of caloric vs. energy intake, Hanlon and Smart criticise the DNPO measurement procedure, stating that “though the flexible food bundle reflects what the poor are buying, it is not of the same nutritional quality; it is not the same poverty line but a lower one” (2008: 62).

Instead, a “fixed food bundle” should have been used in order to establish consistency in (absolute) poverty comparisons. If this is done, the reduction of the headcount ratio between the surveys is only at approx. 6 % (69% to 63%), which would mean a net increase of people living in poverty from 11.2 million to 11.7 million (the increase in total figures is due to a population rise between the two surveys from 16,099,246 in 1997 to 19,607,519 in 2002) (http 25)).

The DNPO defends the switch by stating that “fixed food bundles tend to overstate the cost of attaining that standard of living, as alternative bundles that yield the same utility are available at a lower cost” (2004: 9). And further,

if the relative prices of food vary regionally, the comparability of welfare levels across regions is only an illusion, and the use of a single consumption bundle for all regions can generate inconsistent poverty comparisons (2004: 7).

Following this reasoning the poverty line would have been set too high with a “fixed food bundle”, overstating the amount of people living in poverty. As outlined above though, this reasoning excludes the type of diet poor people are dependent on, and thus overstates the importance of caloric intake. Hanlon and Smart’s criticism has thus a valid core; however, as shall be seen, the operation with “flexible food bundles” satisfies Amartya Sen’s demand to operate with “differences in relational perspectives” (to be outlined in the next sub point), which relativizes this argument.

In sum nevertheless, whether the measurement operates with “flexible” or “fixed” food bundles, the core weakness of any consumption-based measure, defined either by caloric intake or based on food energy, is its inability to account for the physical condition of individuals to convert available food into a well-nourished diet (or to use the capabilities terminology, to convert commodities as means (caloric intake) into functionings as ends (being well nourished)).

## **2.4 Main limitations of PARPA's unidimensional measure: Disclosure vis-à-vis concealment**

Any quantitative measurement presents “an integrated view of situations” (OPHI, n.d.: 1) and is operating with value judgements and arbitrariness’ to define some fundamental issues in a comprehensive manner. By nature, they reduce the complexities of poverty in order to produce econometric and statistically sound results. Thus, each measurement needs to be critically examined in two ways: it requires analysing the information it actually provides, to be triangulated with the search of information it (deliberately or non-deliberately) obscures<sup>153</sup>.

For instance, if poverty is defined in absolute terms in relation to consumption, as happened with the IAF surveys, it is likely to some extent that poverty is

relative in income terms, since in richer societies people generally need more money to acquire the same nutrition – as cheaper foods are not available, transport is needed to shop, and so on (Ruggeri Laderchi et al., 2003: 5).

This has been identified by Amartya Sen as a conversion factor in the translation of commodities into achieved levels of functionings, and refers to the “differences in relational perspectives” (1999: 71). In other words, by using “flexible food bundles”, DNPO’s and PARPA’s measurement is indeed sensitive to “inter-societal” variations with regards to commodity translations; yet it is insensitive to “inter-individual”

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<sup>153</sup> Please note that this also holds true for my re-measurement of poverty in chapter 5/ Part II. Following the publication of the MPI in July 2010 for instance many researchers, and particularly economists, such as the Director of the World Bank’s research department Martin Ravallion, commented on the selection of Alkire and Santos, and other issues in relation to the new index (such as weighting, the issue of subjectivity in the selection process, the actual selection as such (including the issue of parsimony/comprehensiveness), what is the added value of the measure?, etc. (28 July 2010, please see [http 101](http://101))); Alkire responded to them in various outlets, among other in the Oxfam’s Blog “From Poverty to Power” in a timely fashion (on the 29 July 2010, [http 19](http://19)). Hence, one shall regard a continuous discussion about particularities of one’s measure as part of that new measure and its research as such (including mine), a demand which is in line with Sen’s stressed importance of having a continuous deliberative democratic exchange taking place about the selection of capabilities of value.



variations, as of the non-accounting for of other nutrients needed (other than caloric intake) to achieve a healthy diet.

Having said this, the “inter-societal variation” is only partly accounted for, as other important information in relation to relative resources in the socio-economic/political environment are not incorporated. For instance, according to the reliable online source *NationMaster*, historical data from between 1996 and 2006 (which constitutes at the same time latest data available) shows that out of Mozambique’s total 30,400 km roads network, only 5,685 km are paved, which severely limits the capacity to transport road goods. A total of only 110 million tonnes/km were transported in 1996, thereby ranking Mozambique 49/52 in worldwide country comparison. This breaks down to 6.74 million tonnes/km per 1 million population, which is severely below the weighted average of 336.1 million tonnes/km per 1 million population of 72 countries ranked ([http 26](#)).

Additionally, Mozambique’s total railway network amounted to 3,123 km in 2006 (ranking it 53/220 worldwide), allowing goods to be transported in the realm of 768 million tonnes/km (ranking it 81/111 worldwide). This was equal to a capacity utilisation of only 38.803 million tonnes/km per 1 million population, which, furthermore, was severely below the weighted average of 3,901.0 million tonnes/km per 1 million of 111 countries ranked. Per capita, this places Mozambique 87/111 in worldwide comparison ([http 26](#)).

Thus, goods which cannot reach most of rural Mozambique, where 70% and hence the majority of the country’s poor live, are goods not available for consumption. Also problematic is the lack of suitable infrastructure in rural areas, which adds to the costs of farming. As outlined in a report by Mole, who conducted a Micro study on Smallholder Agricultural Intensification in Mozambique, transportation costs “increase

transaction costs to market for both inputs and produce. High transaction costs result mainly due to poor links between production areas and consumption markets” (2006: 11).

Another important aspect to consider when consumption is used as an indicator for poverty is to assess technological achievements. These are suitable signifiers for judging governmental and private sector efforts in the R+D of (and actual distribution or real access to) new agriculture technologies, such as fertilisers and seeds, indispensable for the increase in food production. Here, UNDP’s 2001 “Technology Achievement Index” (TAI) is useful, which measured

how well a country is creating and diffusing technology and building a human skill base, reflecting capacity to participate in the technological innovations of the network age. The TAI focuses on four dimensions of technological capacity: creation of technology, diffusion of recent innovations, diffusion of old innovations, human skills (<http://www.un.org/News/Press/docs/2001/20010920.un01477.htm>).

Out of 72 countries ranked in the TAI (for which relevant data was available and of acceptable quality), Mozambique achieved a score of 0.066, and was placed last. The authors of the study state that scores below 0.20 indicate a marginalisation of the country, indicating that “technology diffusion and skill building have a long way to go in these countries. Large parts of the population have not benefited from the diffusion of old technology” (Desai et al., 2002: 112).

This assessment has been somewhat verified by the aforementioned study conducted by Mole, whose survey of 398 households across Mozambique revealed that approx. 74% “had no cash outlay on seed in the year preceding the survey. The majority of the households in rural areas exchange seed from past harvest among themselves” (2006: 12). The survey revealed further that only 4% of smallholder farmers obtain seed via the market, that land preparation services by tractor or animal traction are in most

parts of the study non-existent, and that only a few farmers have the ability to use fertilisers and pesticides (2006: 11-12).

Thus, one of the main problems of increasing agricultural production in Mozambique is the lack of inputs in the form of seeds and fertilizers, and poor market access. As a result, “the likelihood for increased incomes to improve access to food and reduce poverty is low” (Mole, 2006: 52).

These “inter-societal” conversion factors, or “real unfreedoms” in the terminology of Sen, are important types of information if poverty is understood as “capabilities deprivation”. That is, because they are barriers in people’s “agency freedom” which need to be removed, strictly speaking. Yet, PARPA’s measurement does not help in revealing these areas of necessary policy action; on the contrary, it conceals them with its narrow and unidimensional focus on caloric intake as a proxy for consumption. Hence, what is undoubtedly needed is a meaningful multidimensional measurement that better captures PARPA’s multidimensional poverty definition.

## **2.5 Recapitulation: Matching measurement with definition - A call for revision**

This chapter has highlighted the problem that the applied measurement of poverty in Mozambique conceals, rather than discloses necessary areas of policy action. Researchers and analysts should aim to find and successfully apply a multidimensional measurement that actually helps to analyse *real opportunity provisions* for impoverished Mozambicans, in order to better guide policy makers and development actors with regard to Sen’s capability approach, which is engaged with the attempt to *explicitly* achieve individual well-being, context-specific defined, by switching the focus from means (such as consumption in form of caloric intake) to ends (such as being well-nourished, which remains one functioning among others nonetheless).

Measuring poverty is certainly meaningful; but only if it helps guiding policies to achieve self-set standards. The official unidimensional poverty measurement is of no help in alleviating the kind of poverty in Mozambique as correctly defined in PARPA II. And indeed, a close scrutiny of PARPA II reveals a policy orientation that is highly neo-liberal, monetarist and supply leaning, as it seeks macroeconomic stability through fiscal discipline, the creation of a free market and favourable market conditions for Foreign Direct Investments (FDIs) and the private sector (GdM, 2006: 118-119; Vollmer, 2010a: 350). Certainly, causation between poverty measurement and policy response cannot be claimed; but neither can be a strong correlation denied.

Because of this rationale, a measure is needed that sets incentives to create the pro-poor possibilities people need to live out their full potential as active agents capable of improving living realities for themselves. Possible actions include, among others, prudent *public expenditure policies* that focuses on the development of “public infrastructure in the field of transport, communication and energy”, and a *proactive tax and incentive policy*, in order to mobilize investments for formal job and commercial agribusiness creation (Cornia, 2006: 20-21); far-reaching direct cash transfers to stimulate market demand, and a sharp expansion of labour-intensive public work projects, such as road and irrigation system building (Hanlon and Smart, 2008: 155-157); the “reintroduction of some type of marketing boards” to ensure fair prices of produced goods and guaranteed markets (Tvedten et al., 2009b: 4); and continuous investments in education and health systems, housing and sanitation. These are demands that will be discussed in more detail in the upcoming third chapter/ Part II.

Ultimately it should be advocated though that in the crafting of PARPA III (presented at the MPD in October 2010 (MPD, 2010: 6)), and even in the debates on the government’s programme for the five year period 2010-2014, submitted by the

President Armando Guebuza and Prime Minister Aires Ali led government to Mozambique's parliament *Assembleia da República* (AR) for approval on March 30<sup>th</sup> 2010 ([http 28](#)), and approved on April 5<sup>th</sup> 2010 ([http 29](#)), that these are considerations which must be taken seriously into account. Finding an appropriate multidimensional measure certainly requires a very thorough debate; however, this thesis will do its part by applying Sabina Alkire's and James Foster's *Counting Approach* onto the case study of Mozambique (in chapter 4 and 5/ Part II), to offer some food for thought on how the discrepancy between poverty definition and measurement in Mozambique might be tackled. Certainly, it will not be possible to address all of the issues raised in this chapter in a satisfying fashion, and new issues of concern will undoubtedly arise as well. Ultimately though it is a worthwhile attempt to offer a meaningful alternative to the official measure with its identified limitations.

### 3 Real opportunity deprivation in Mozambique: an Indicator based approach

The analysis in the previous chapters highlighted the existence of some weaknesses in the socio-environmental capability space in Mozambique. Certain conversion factors are inhibiting the transformation of commodities into real functionings of value. This discussion will be picked up in this chapter, by applying an indicator based approach to highlight some (though certainly not all) real opportunity deprivations for Mozambicans<sup>154</sup>. As filtered out by the PO, there are several functionings Mozambicans value, which have been categorised into four broad domains:

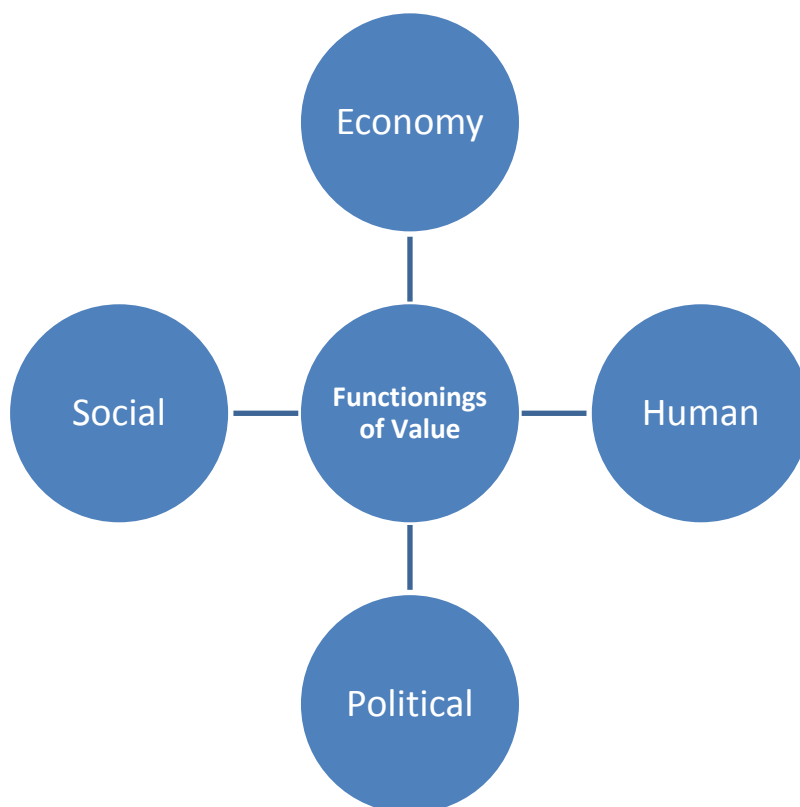


Figure 2: Mozambique: Functionings of Value

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<sup>154</sup> Here I apply a mode of capability analysis that has been labelled “descriptive”, one that is qualitative and empirical, and that has elements of a narrative (Robeyns, 2005b). Examples of such a way the CA has been put in practice include Drèze and Sen (2002), whose capability analysis of India’s human development achievements is a combination of a (social) indicator analysis paired with a descriptive analysis. Alternative modes have been quantitative applications to measure “capabilities” through (predominantly) achievements (as will be done in the remeasurement of poverty in chapter 5/Part II), and philosophical normative theorising, as has been conducted in the first part of this thesis (as discussed in chapter 6/Part I). However, in order to give weight and triangulation to the *theoretical* indicator-based analysis, I also conducted in depth-interviews with knowledgeable experts on the country case. These *empirical anecdotal evidences* are presented in chapter 3.5/Part II.

For each of these overarching domains selected, in-depth functionings will be analysed in regard to the question whether Sen's demanded instrumental freedoms, as well as the socio-environmental conversion factors, do allow impoverished Mozambicans (understood as autonomous agents) to theoretically accomplish these functionings (or achievements), or whether they are absent and thus inhibiting these theoretical accomplishments. The selection of the functionings<sup>155</sup> is based on the level of importance given to them by Mozambique's poorest strata, captured through the participatory studies of the PO, and hence following Sen's demand of utilising deliberative democracy as part of the determination process of valuable capabilities. Thus, this chapter will analyse Mozambique's instrumental freedom situation, based on latest available data for this country case, and in relations to some *basic* capabilities<sup>156</sup>.

### 3.1 Economic Poverty

Probably the most fundamental functioning of value for Mozambicans is the insurance to have a livelihood sufficient to allow each individual a life in dignity<sup>157</sup>. Here, most importantly, in form of formal and/or informal labour<sup>158</sup>, that generates

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<sup>155</sup> Please note that these are "selected" functionings of value, it is not a compilation of N functioning vectors possible to choose from 1 final functioning vector (please see Figure 1).

<sup>156</sup> Please note that the following analysis (forming chapter 3/Part II) was conducted largely between March and June 2010. The quoted figures were extracted from the relevant sources, such as the CIA World Factbook, NationMaster or the OECD, in this time period.

<sup>157</sup> From a semantic point of view it might be interesting to note that in a rights-based approach to poverty reduction the provision of a livelihood would be seen as a "right", one which could be readily demanded from a normative perspective. From a CA perspective, livelihood would be an "achievement" of the individual (personal agency thus remains at the forefront in this approach). However, as shall be seen, as much as it would count indeed as a personal achievement to be proud of (important for the interrelated functioning *walking around without shame*), it requires the external provision of some real opportunity freedoms. However, choosing the term "insurance" in the above sentence over the phrase "achieving a livelihood" was done to underline the importance and urgency to make progress on that real opportunity provision, without claiming a "right".

<sup>158</sup> Informal Labour can be defined as "the sector of economy whose existence, for reasons that may be voluntary (choice approach) or involuntary (illegal), is not registered in the statistics of the national accounts, gross domestic product (GDP) or the official numbers on the national wealth" (Amurane, 2007: 3)

either solely or in sum with other generators an income large enough to survive, and to participate in the society as such (thus, to avoid social exclusion).

As highlighted by several recent studies on poverty and development in Mozambique, for the poorest and most destitute “poverty is *basically* about access to employment and income” (Tvedten et al., 2009a: 2). This point is reiterated by Hanlon, for whom poverty is “simply a lack of income (...) as average cash income in rural Mozambique is \$31 per person per year” (personal email exchange). Keeping both employment and income in mind is crucial for a holistic assessment, as the sole analysis of either one would draw an incomplete picture. It is also crucial to analyse whether the *type* of employment (formal or informal) in Mozambique and the cash income it generates is sufficient for ensuring a livelihood.

Looking narrowly at the unemployment rate would already indicate a dire situation for Mozambique. With 21% unemployment rate as of 1997<sup>159</sup> (the latest available data), the situation is certainly severe, ranking Mozambique 170/201 in worldwide country comparison (http 31).

Yet, by looking at sole levels of income it is even possible to paint a more nuanced picture. Preliminary data available from the 2008 rural income survey TIA (*Trabalho de Inquérito Agrícola*, implemented by the Department of Statistics of the Ministry of Agriculture)<sup>160</sup>, indicates that the *mean cash income* of rural Mozambique (70% of Mozambicans live in rural areas), stands at merely US\$522 a year in 2008 (down from US\$525 in 2002, the year of the previous TIA, please see Table 7). This

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<sup>159</sup> Defined as the per cent of labour force without jobs (http 20). Mozambique’s Labour force for the year 2009 (estimation) was 9,870,000 (which should be seen against Mozambique’s population of 20,266,296, according to Census 2007 results). Mozambique has with 53.45% (as of 2005) the highest female labour force in the world, a figure that remained somewhat stable ever since 1988 (http 30).

<sup>160</sup> TIA data is preliminary and thus not final as of mid-February 2011; possible changes are hence non-excluded. Preliminary data provision has been done by Joseph Hanlon (2010a), via the *Mozambique News Reports & Clippings 156*, 22 February 2010.



translates to an average cash income of approx. US\$1,43 per person per day in rural Mozambique.

The mean cash income (or the total income divided by total number of people) needs to be compared further to the *median cash income* (or the numeric value separating the higher from the lower half of the sample), useful to examine income *inequalities*. The median cash income in 2008 stood at US\$38, US\$3 further down from US\$41 in 2002 (if the median falls, the income of the poorest half is decreasing).

In other words, the decrease in mean cash income, although rather minimal but in total figures low nevertheless, stands in stark contrast to the even severer lowering of the median, which decreased between 2002 and 2008, to a low stand of US\$38. This means that 50% of rural Mozambicans have a cash income of less than US\$1 *per week*.

<b>Annual Cash Income</b>		
	Mean Cash Income US\$	Median Cash Income US\$
2002	525	41
2008	522	38

Table 7: Annual Cash Income 2002-2008 in rural Mozambique

As the TIA 2008 is further indicating (Table 8), the “cash income poorest” 10% of rural Mozambicans have actually no (median) cash income at all, whereas the best off 10% have a median cash income of US\$1165, or over US\$3 a day. This indicates that wages paid and income generated from both rural formal and informal employment is concentrated on a small number of better off households. The lowest strata however need to generate a livelihood from different sources.

<b>2008 Cash Income Aggregation by Income Group</b>		
Income group	Mean Cash Income US\$	Median Cash Income US\$
1 (lowest)	10	

2	39	8
3 (middle)	122	46
4	344	188
5 (highest)	2102	1165

Table 8: 2008 Cash Income Aggregation by Income Group in rural Mozambique

Cash income, or the actual cash earned per person per year, needs to be further seen in contrast to *total income*, the cash *plus* imputed value of production consumed within the household, as the latter is more important to judge the livelihood situation in rural Mozambique as a whole, and for the “cash income poorest” in particular.

As shown in Table 9, Annual Total Income between 2002 and 2008 increased by US\$129 from US\$890 to US\$1019 (an increase of 12.66%). Yet the median decreased in the same period, from US\$339 in 2002 to US\$287 in 2008 (a decrease of US\$52, or 18.12%).

<b>Annual Total Income</b>		
	Mean Total Income US\$	Median Total Income US\$
2002	890	339
2008	1019	287

Table 9: Annual Total Income 2002-2008 in rural Mozambique

This means that although production as part of total income is on the rise for the whole of rural Mozambique (not cash income though as seen in Table 7 which decreased in the same period), the lowest quintile is separated from this development and does not profit from the production increase, as indicated by the lowering of the median.

And indeed, as shown in Table 10, the total income of the highest quintile of rural Mozambique (median total income US\$1931) is approximately 44 times that of the lowest quintile (with a median total income of US\$44)<sup>161</sup>.

<b>2008 Total Income Aggregation by Income Group</b>		
Income group	Mean Total Income US\$	Median Total Income US\$
1 (lowest)	51	44
2	159	153
3 (middle)	337	337
4	720	695
5 (highest)	3845	1931

Table 10: 2008 Total Income Aggregation by Income Group in rural Mozambique

### **3.1.1 Employment and Income: sufficient to ensure a livelihood?**

As this preliminary data provision by the TIA 2008 indicates, in rural Mozambique crops (food grown in subsistence farming for family consumption), account for approximately half of the total income generated. This observation has been somewhat approved by the CMI, which aggregates in one of their studies for the rural province *Murrupula* as source of employment *agriculture* as the most important income generator (100%), followed by formal employment with 0.8%, informal employment with 51.6%, and remittances with 6.7% (Tvedten et al., 2009a: 12).

Thus, every person in rural Mozambique relies on some form of farming as part of its livelihood generation, mostly for subsistence, with some being able to sell a surplus as cash crops. This compares to an *urban* aggregation of employment source of 29.2% agriculture, 40.9% formal employment, 70.8% informal employment and 26.7%

<sup>161</sup> Constituting a further rise, according to Hanlon, up from 23 times in 2002 (Hanlon, 2010a).

remittances in Maputo city. In the urban-rural district of *Buzi* in the central province of *Sofala* the agricultural sector is nearly as important as an income source as in rural *Murrupula*, with 96.6%. However, here formal and informal employment is higher, with 30% and 71.6% respectively. Remittances account for 22.5% (Tvedten et al., 2009a: 12). This region suffers though massively from the now more frequently appearing floodings of the Buzi river (<http> 32), which constitutes one of the main challenges for this region.

Hence, even though rural Mozambique is the worst off in comparison to urban and rural-urban Mozambique in regard to employment as a source of reliable income<sup>162</sup>, it further remains problematic that *economic inequality* within this impoverished section of Mozambique's population is on the rise. Only the highest quintile is able to generate total income from wages in formal and informal employment, which, in turn, didn't contribute though to the overall mean total income improvement, which has rather happened due to an increase of productivity from farming (allowing for cash crops). This increase in production has *not* happened though for the lowest quintile, as indicated by the lowering of the median in total income in 2008 as compared to 2002 (the median cash income decrease of US\$3 from US\$41 to US\$38 has been too marginal to explain the US\$52 (or 18.12%) decrease in the median total income in its entirety. Either productivity of the highest quintile increased, or productivity decreased for the lower end. Either way, the situation is worsening either in terms of inequality or absolute poverty).

This, in sum, indicates a total worsening situation for the poorest income poor in rural Mozambique, and thus, the majority of the country's population (approx. 70%). Regarding cash income generation from formal employment, it becomes apparent that

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<sup>162</sup> This is not to say that formal employment in urban Mozambique is of high quality. Most of the work is in low-paying occupations such as domestic servants, security guards, *inter alia* (Tvedten et al., 2009a: 12)

the situation is deteriorating, and that income inequality is on the rise. Neither formal employment nor the cash income it generates is sufficient to ensure a livelihood in rural Mozambique. As of this, subsistence farming and informal employment are the main occupations for people living in these parts of the country. Production is generally carried out with low levels of technology (and resulting low levels of productivity, as indicated by the TAI).

Informal employment in rural and urban-rural areas is mostly comprised of day labour (or *ganho-ganho*) on other people's fields, small-scale informal trade and non-agricultural production of items such as pots, mats and baskets. In urban Maputo, the most important informal labour is petty trade, whereas informal productive activities are of much lesser importance (Tvedten et al., 2009a: 12).

A lack of innovation has been filtered out as problematic throughout Mozambique, as well as the concentration of labour on only a limited number of activities (which results in worker dependency). Only the better-off households are able to secure formal employment, and thus a reliable and predictable income<sup>163</sup> (Tvedten et al., 2009a: 12). This is important as it allows investing into *human capital* (education and health), into *productive activities*, and into *social capital* through the establishment and nurturing of trade-relations and a net of social relationships, the latter tantamount as a safety net assurance to avoid slipping into the *poverty trap*: “the paucity of initial wealth or endowments, which under certain plausible conditions can create a trap from which a poor person will find it hard to escape without help from outside” (Osmani, 2009: 247). This trap can act as a gateway into *chronic* forms of poverty, the experience of hardship that endures over protected periods of time (and which can be passed on across generations). Only with the help of a close network of extended family members,

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<sup>163</sup> Which is also crucial for the self-esteem and pride of the worker, thus important for the functioning *walking around without shame*.

“traditional authorities, neighbours and friends, civil society”, the church and the state, people are able to secure and improve their living conditions (Tvedten et al., 2009a: 16).

This nurturing requires time though, a component many severely impoverished Mozambicans do not have at their disposal.

In the relationship of urban vs. rural Mozambique, what seems most problematic is the concentration of innovation in urban areas:

Access to urban areas – through oscillatory migration – the splitting of households in one rural and one urban unit, or through other types of relationships – not only gives higher return for agricultural products or access to informal employment. It also exposes the rural population to new ideas” (Tvedten et al., 2009a: 12).

This makes it even more tantamount to further push forward decentralisation efforts in Mozambique, which will form a more detailed discussion in chapter 3.1.3.1 and 3.2.2/Part II.

### **3.1.2 Feminisation of *ill-being***

As of this analysis, policies need to focus on formal and informal job creation, and the increase of productivity in subsistence farming, especially for those mostly marginalised. The quality of formal employment stands to further debate, which is a debate more needed for urban and urban-rural Mozambique, the only regions of the country with substantial livelihood generation from this source. This debate is crucial though, because judging labour as such without analysing its quality would paint a positive picture in regard to the status of *women* in Mozambique’s society. That is because female labour is among the highest in the world in Mozambique, which would be a positive development when the type of labour women are occupied with is of good quality.

However, as research of the CMI highlights, most labour is work intensive farming, domestic labour, or labour in the informal sector (Tvedten, et al., 2008/2009a). Examples “include carpentry, motor vehicle repair, tailoring, hawking, and selling various fruits, vegetables, and other commodities” (http 33); most women in urban Maputo City especially are devoting time and energy to cultivate urban gardens, called *machambas*, which constitute “an important contribution to family nutrition and sometimes income” (Sheldon, 1999: 121). They also act as buffers in times of hardship, and are thus important to reduce vulnerability to outside shocks; hence, they increase resilience of the household<sup>164</sup>.

Because of this type of labour however it comes unsurprisingly that income generated from formal and informal employment remains considerably higher among male- than female headed households, as highlighted by the CMI (Tvedten, et al., 2009a: 12). This indicates an actual *feminisation of poverty*, which, according to the CMI, exceeds the unequal material distribution of income and assets among male and female headed households, into the sphere of “voicelessness and powerlessness in relations to institutions of society and the state, vulnerability to outside shocks, and the ability to cope with these through social relationships and legal institutions” (2008: 4). This is exemplified, among others, by the male/female ratio of decision-making within households, which tend to be male-dominated, according to in-depth interviews and surveys conducted by the CMI (Tvedten et al., 2009a: 11)<sup>165</sup>.

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<sup>164</sup> For a more detailed breakdown of income source of female vs. male headed households, please see Appendix 5.

<sup>165</sup> The same research approach also revealed that “women have a stronger tendency to allocate resources to education, health and other areas promoting the welfare of the family” (Tvedten et al., 2009a: 11). The authors of the study recommend to target women specifically (through cash transfers for social protection for example) to ensure optimal pro-poor utilisation of resources. This is in line with Sen, who considers the role of the woman as crucial in the fight against poverty: women are “the dynamic promoters of social transformations that can alter the lives of *both* women and men” (1999: 189).

### 3.1.3 Capability analysis: the absence of economic facilities

As of this analysis it becomes apparent that Sen's demand to focus on ends rather than means in order to paint a *coherent* picture of living situations is indeed qualified. Analysing and comparing livelihoods rather than employment or income allows for the aggregation of the various sources (and its quality) for achieving this desired functioning. Looking solemnly at employment figures should be avoided, as it possibly creates a confused picture of a situation which appears better than it actually is.

The relevant question from a capability perspective is why it is so problematic to ensure Mozambicans a livelihood. Certainly, an analysis of this importance and magnitude exceeds by far the limited frame of this chapter. When thinking about poverty and livelihood creation it is indeed tempting to address this prudent issue with a far-reaching and comprehensive micro- and macro-economic analysis. This has the detrimental effect though that other dimensions of poverty, which are rather human, political and social, receive less attention and remain *second among equals*. As of this rationale, the following analysis will seek to power phrase and straightly put forward the main problematic causing Mozambicans a deprivation in their economic capability (from the point of view of this author), which concerns basically the *macro-economic* management of Mozambique (which includes development and public policies). This is not to say that micro-economics do not play an analytical role (i.e. access to credit), though it will rather supplement the macro-economic analysis.

As of the analysis in the preceding sub points, ensuring Mozambicans a livelihood has to be achieved through the creation of (formal and informal) labour, and an increase of production in the subsistence farming, that allows for the creation of cash crops and farm yields. Any other approach or priority setting would appear



unreasonable concerning the low economic departure level especially in the country side.

In detail, a basic capability deprivation scrutiny for this functioning means looking at Sen's *second* instrumental freedom (economic facilities), and link it particularly to Mozambique's main strategic papers for economic facilitation.

However, as Sen's capability approach is fundamentally holistic, further links to his other instrumental freedoms will be established as well, particularly to his first and fourth freedom, *political freedoms* and *transparency guarantees*. Nevertheless, as the chapters will evolve and functionings of other domains will be discussed as well (such as governance and human and social capital), these other freedoms will be placed at the centre of analysis in these respective chapters. It should be stressed though that the instrumental freedoms fulfil their full potential best, jointly together. Hence, even though not so much discussed in this subpoint, *social opportunities* remain to be crucial components in ensuring an economic development. This is particularly the case for a post-conflict country such as Mozambique, whose impressive rise in GDP per capita of approx. 7.3% over the last five years (which slowed down in 2009 to approx. 6.3% due to the worldwide economic crisis, though which accelerated again towards an estimated 8.3% in 2010 (http 20)), is impressive, though which, nevertheless, constitutes a percentage increase from a *very low* economic base. Hence, adopting *support-led strategies* to achieve an *equitable* economic growth has to remain as an option at the heart of the poverty reduction discussion, even if GDP growth rates achieved under a monetarist and neo-liberal PRSP are commendable<sup>166</sup>.

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<sup>166</sup> This is a point important to stress. Several analysts for Mozambique have raised their concern about the importance given to education for a pathway out of poverty (Hanlon and Smart, 2008; Tvedten et al., 2009a: 9). The criticism is based on the inability to create labour in the formal sector for which trained staff is essential. This causes frustration among those who enjoyed a good education but cannot cash in on this human asset. Picking up labour in the informal sector or conducting subsistence farming appears as a betrayal on hopes that have been raised for a better life. Both reports do not have a capability analysis as

### 3.1.3.1 Mozambique's governmental structure

The GoM is structured around two tiers, national & sub-national entities. Despite some recent efforts of decentralisation, it concentrates the majority of its spending within the National Government (69% budget authority in 2006, against 31% at Provincial, District and Municipalities level). The state budget (*Orçamento do Estado* (OE)) includes three types of institutions: the central government entities, including the Office of the President, Cabinet of the Prime Minister, Assembly of the Republic, the Courts and 23 Ministries; geographically localized (de-concentrated) State Governance entities (11 provinces and 128 districts); and semi-autonomous institutions of the State, which are *de jure* autonomous (in respect to administrative, financial and property matters), but *de facto* “cannot actuate that autonomy because they are unable to finance at least two thirds of their expenses from internally generated revenues” (Lawson et. al, 2008: 18).

The OE includes transfers and subsidies to the autonomous institutions of the State (to undertake non-commercial activities (institutes, funds, *inter alia*)), to the municipalities (*autarquias*), and to public firms. The municipalities are fully autonomous “in respect of administrative, financial and property matters, being responsible to locally elected assemblies” (Lawson et. al, 2008: 19).

The majority of government spending takes place, geographically, at district level, however falls under the budget authority of the Province and line ministries at national levels (such as education and health). Also, supplies such as educational materials, medicines etc. are produced at provincial and national levels. Districts and

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their focus, for which otherwise the *intrinsic* value of education would not have been questioned. The point is nevertheless a valid one, because it reflects the current feeling on the ground. It illustrates though that Amartya Sen's capability approach cannot be applied selectively. As will be worked out, supplementing a liberal macroeconomic model with some social opportunities is a necessary, though not sufficient condition for achieving poverty reductions. Active interventions into the (labour)-market, production and processing, *inter alia* (hence, creating *economic facilities*) have to accompany social opportunity provisions. Therefore, on this particular instrumental freedom will rest the major analytical focus for *economic poverty*.

municipalities have limited administrative influence on funding decisions and options to produce materials locally. Mozambique's districts are strained by a limited economic base. Local taxes and fees, for which the most important ones are the person tax, the bicycle tax and the commercial tax, are so low that the Consultative Councils (*Conselho Consultivo* (CC), created in 2007 to push local district level government (each CC has to be composed of 40% "community leaders"<sup>167</sup> and 30% women), remain *de facto* dependent entities on the national government. In 2006, only 3% of the total expenditures fell under the budget authority of districts (Lawson et. al, 2008: 19; Tvedten et al., 2009a: 5-6).

For the analysis of the macroeconomic alignment of the GoM, it is particularly important to scrutinise PARPA II and the annual *Balanço do Plano Económico e Social* (Economic and Social Plans (PES's)). Although the PES is the government's annual economic operational plan, it is mainly PARPA II which remains *the* pivotal document used in the public and academic discourse on poverty in Mozambique; that it because only PARPA "have the necessary elements of a programmatic logframe approach" (Francisco and Matter, 2007: 32). This is not the case for the PES, "which still consists essentially of a long list of activities and outputs without a coherent programmatic framework" (Francisco and Matter, 2007: 32). Hence, the subsequent analysis will focus on PARPA II, as this document entails the main macro-economic strategy followed in Mozambique.

In PARPA II three interrelated aspects are set out as strategic to alleviate economic poverty: 1. agricultural and rural development; 2. basic infrastructure; 3. macroeconomic and financial management (GdM, 2006: 117-143).

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<sup>167</sup> Including traditional authorities, such as *regulos*, *gabos*, *sagutes*, which remain of central importance to Mozambicans. They give spiritual guidance and act as mediators. They are respected in the communities, and have a pivotal role to play in the social capital dimension of poverty (Tvedten et al., 2009a: 19). Thus, their role will be further discussed in chapter 3.3/Part II, when social poverty is discussed.

While it is certain that the strategic priorities are correctly set, with the aim to increase productivity and access to markets for an improved agricultural output and thus rural economic development, it is particularly the macroeconomic orientation *adapted* to this end within PARPA and the GoM which divides opinions. In order to ensure a positive macroeconomic and financial management, PARPA II sets out the following steps for the state:

*to promote investment in economic and social infrastructures, and to provide basic services and an institutional system that creates an atmosphere favorable to and encouraging of the expansion of private Mozambican enterprise and private sector action and investment, particularly investment in small and medium-scale companies. This expands the possibilities for the necessary comprehensive economic growth, the development of priority productive sectors and increased productivity--one that puts more emphasis on rural areas where most of the poor population lives (GdM, 2006: 118) (Italics added for emphasis).*

And in regard to concrete actions to promote these system-related objectives, PARPA II sets out to:

to guarantee macroeconomic stability in Mozambique by solid and stable macroeconomic management of monetary and fiscal variables; continue to monitor the State's financial management practices, including management of public spending, revenue collection, and financial relationships with the cooperation partners (GdM, 2006: 119);

This is to be coupled with

an effort to maintain appropriate levels of "openness" for the country and its economy that would ensure the required flows of technology, skills, information, financial resources, investments, and trade so that there is effective integration with the world market. Actions must be taken to ensure that such resources are efficiently and effectively channelled into the productive sectors of the economy (GdM, 2006: 119).

### **3.1.3.2 No market no demand?**

The capability analysis in this thesis will reveal that PARPA II is overly supply leaning, to the detriment that demand is not nurtured. This can be illustrated by a very simple word search in PARPA II: whereas the word "supply" is mentioned 47 times,

“demand” is only mentioned 8 times in the document. While PARPA II is certainly stressing the role of public investments to “reinforce the fabric of rural institutions and organizations” in order to achieve a structural transformation of the agriculture sector (GdM, 2006: 130 (par. 529)), it remains clear though that the adoption of Public-Private Partnerships (PPPs) shall be done with the aim to transfer “the provision of public services to the private sector”. This should “contribute to improved productivity, competitiveness, links among different activities, and producer incomes” (GdM, 2006: 130 (par. 528)).

If mentioned in the document, which is rare, *domestic market creation* is ambioned to be achieved through a competitive model that “curb unfair competition and reduce losses stemming from the presence of monopolistic markets by formulating and implementing policies and legislation relating to competition” (GdM, 2006: 142). Hence, the role of the state is not considered as being active on the market itself; rather, its role is considered solely that of being the creator of a competitive market.

For many observers in Mozambique this textbook liberal macroeconomic orientation of the GoM (as strategically outlined in PARPA), with its sole focus on supply stimulation, is one that is inappropriate for a post-conflict emerging economy. As already formulated in 2001 by Brück, due to the type of civil war in Mozambique (1976-1992), as well as the years of socialist rural development, the post-war policy focus on stabilization and structural adjustment that was believed to “liberalize constrained markets and thus assist (...) rural output and trade growth” (2001: 87-88), was bound to malfunction if its objective was to reduce levels of absolute poverty. Indeed, GDP per capita was lifted (6.5% in 2008 alone); but in raising livelihoods of (especially rural) Mozambicans, it proved inefficient and even counterproductive (as

highlighted, income inequality is even on the rise in rural Mozambique, with a lowering of the mean and median cash income between 2002 and 2008)<sup>168</sup>.

For Brück, it started with the misguided belief that there was a market to liberalise to begin with; due to the aforementioned political-economic particularities in Mozambique, there “was often no market to be liberalized and no supply response to be stimulated in the country side” (2001: 88). Speaking from a retrospective standpoint, a main recommendation of the author given for rural development would have been to start “building rural market institutions and facilitating emerging markets in the post-war period. This would have led to accelerated smallholder output growth, poverty alleviation, and export growth” (2001: 88).

In 2010, it appears that the same arguments remain at the fore of the criticism that targets the current macroeconomic orientation of the government and the IFIs operating in Mozambique. In his most recent outburst against the “postmodern imperialists” Bretton Woods Institutions (BWI) World Bank and IMF, as well as the international donor community and the plethora of INGOs operating in Mozambique, neo-Marxist thinker Joseph Hanlon (labelled as such by Chingono (2001: 93), whereas I would rather call him a neo-Keynesian thinker with a polemic anti neo-liberal attitude) criticises on 242 pages the, what he and his co-author Teresa Smart claim of being, overly supply-driven neo-liberal agenda of the IFIs operating in the country (Hanlon

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<sup>168</sup> The traditional rationale behind (liberal) macroeconomic policies (“containing public debt and inflation, liberalizing product and factors markets, privatizing state assets and liberalizing external trade and capital flows”) is actually one that is not directly targeted at poverty alleviation (Cornia, 2006: 1). Its success or failure is rather assessed “in terms of the extent of reforms implementation in these areas, as it was felt their main task was to re-establish the pre-conditions for growth, and that growth itself, along with safety nets, would have taken care of poverty” (Cornia, 2006: 1). On the positive side for Mozambique, inflation measured by the variation in the consumer price index of Maputo City, the official inflation indicator in Mozambique, recorded an annual variation of 6.1% in December 2008, constituting the lowest of the last five years (SADC Bankers, 2009: 2). However, the belief that inflation and budget deficits *per se* are an evil to be avoided at all costs has to be countered by the neo-Keynesian argument put forward by Cornia, for whom the budget deficit is justifiable if “they are financed with domestic bonds, the level of debt is non-explosive, the level of output is well within the production possibility frontier and public expenditure creates productive infrastructure” (2006: 2). In regards to the latter point, the creation of public infrastructure has not been a priority in Mozambique’s expenditure portfolio though, as reflected by its share in the state budget for 2008 (please see chapter 3.1.3.3/Part II).

and Smart, 2008). Their focus on macroeconomic stability through fiscal discipline (GdM, 2006: 44, par. 155), the creation of a free market and favourable market conditions for foreign direct investments (FDIs) and the private sector, and the basic neglect of any kind to create an interventionist development state that ensures a *mixed economy*, one that is as much *demand* as it is supply-driven, has been identified as the main reason that Mozambique's poor are systematically bypassed by the country's positive economic development in GDP per capita terms (Hanlon and Smart, 2008)<sup>169</sup>.

To the contrary, what Hanlon and Smart propose is a return to a “social democratic capitalism” that has actually characterised the historical route of northern industrialized nations (Chang, 2002), or even the prosperous years of early post-independence Zimbabwe, once labelled the *bread basket* of sub-Saharan Africa. That is to dedicate a long-term focus (at least 10-15 years) on all four steps of the economic value chain (or value circle) (Hanlon and Smart, 2008: 49-50):

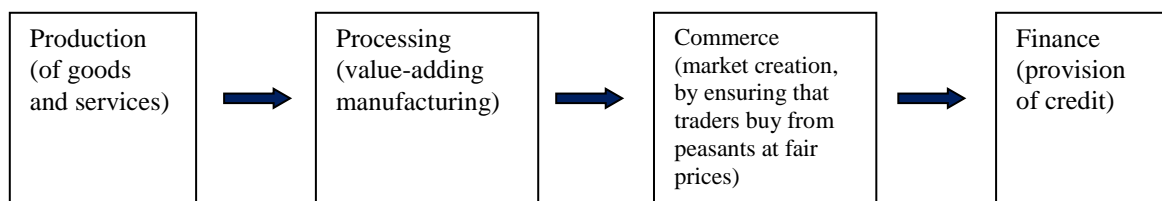


Figure 3: Value-Chain Approach

<sup>169</sup> The CMI affirms Brück's and Hanlon and Smart's assessments in their extended research on poverty in rural Mozambique. In summarizing the problems of local farmers in the rural district of *Murrupula*, the report states: "Agriculture is the dominant economic activity in our areas of study. While local farmers argue that their area is generally fertile and rain is usually ample, they are also faced with severe structural problems. They particularly highlight limited access to effective means of production (with the large majority still using the traditional hoe); inadequate access to agricultural labour (being difficult to find beyond traditional systems of labour exchange and expensive); and difficult access to external markets and concomitant low prices for their products from traders coming to their areas at the time of the *campanha*. There is no readily available access to formal credit except through associations (...), and customary systems of rotating saving funds (*stique/ikirimo*) are not very common" (Tvedten et al., 2006: 27-28).

### 3.1.3.3 Value-Chain Support Needed

By analysing some of Mozambique's basic economic indicators<sup>170</sup>, it becomes apparent that a four step value chain approach might indeed be a good option to increase people's economic capabilities: the country's main agricultural products are cotton, cashew nuts, sugarcane, tea, cassava, corn, coconuts, sisal, citrus and tropical fruits, potatoes, sunflowers, beef and poultry, and its main natural resources are coal, titanium, natural gas, hydropower, tantalum, graphite (http 20).

The countries main industries are "light industries", such as in food, beverages, chemicals (fertilizer, soap, paints), aluminium, petroleum products, textiles, cement, glass, asbestos, tobacco. Hence, its main exports are aluminium, prawns, cashews, cotton, sugar, citrus, timber; bulk electricity (US\$1.965 billion (2009 est.))<sup>171</sup>, whereas it imports mostly manufactured goods, such as machinery and equipment, vehicles, fuel, chemicals, metal products, foodstuffs and textiles (US\$3.096 billion (2009 est.))<sup>172</sup>. This resulted in a current account balance<sup>173</sup> of US\$-926 million (2009 est.) (http 20). The export value of (goods and services) in 2009 was US\$2.010 billion (est.) against an import value of US\$2.640 billion (Maasdam, 2009: 7).

Hence, supporting the *production and processing* of agricultural products and raw materials in order to add-value and profits to the products produced (for cash cropping/ farm yields and manufacturing), becomes an economic imperative in order to improve the current account balance and other important economic indicators for impoverished Mozambicans (such as the Gross National Income (GNI) per person,

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<sup>170</sup> Please see Appendix 6 for a detailed economic overview of Mozambique

<sup>171</sup> Main export partners in 2008 were the Netherlands 55.5%, South Africa 9.2%, Zimbabwe 2.1%

<sup>172</sup> Main import partners in 2008 were South Africa 27.4%, Netherlands 15.7%, China 4.3%

<sup>173</sup> The current account balance "records a country's net trade in goods and services, plus net earnings from rents, interest, profits, and dividends, and net transfer payments (such as pension funds and worker remittances) to and from the rest of the world during the period specified. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP) terms" (http 34).



which was as low as US\$380 in 2008 (against the sub-Saharan average of US\$1,082 (World Bank, 2009: 1)).

The relevant question is in which shape this support should take place. From a capability analysis, the thesis will argue that a supportive neo-Keynesian approach is more suitable to this end than a market-driven, hence competitive, monetarist/ neo-liberal approach, with its tools of fiscal discipline, market deregulation, privatisation and trade liberalisation. This point will be discussed at lengths for the case of Mozambique (in the following subpoint), and from a broader theoretical perspective (3.1.3.8 Macroeconomics 2010: trends and tendencies).

#### **3.1.3.4 A (neo-) Keynesian proposal**

(Neo-) Keynesian macroeconomics is a theory based on the ideas of British economist John Maynard Keynes. Formulated in his 1936 *General Theory of Employment, Interest and Money*, it states that

government intervention is necessary to ensure an active and vibrant economy. According to this theory, government should stimulate demand for goods and services in order to encourage economic growth. It thus recommends tax cuts and increased government spending during recessions to reinvigorate growth; likewise, it recommends tax increases and spending cuts during economic expansion in order to combat inflation. Many economists believe that Keynesian economic theory is more efficient than supply-side economics, though critics point to the theory's inability to explain stagflation in the United States during the 1970s (http 103).

The stagflation in the 1970s resulted that “Keynesian policies gradually gave way to monetarism and microeconomic policies that owed much to the neo-Classical Economics that Keynes had at times opposed” (http 104). The prefix neo can be explained as a reaction to the historical debate between the Keynesians and the Classicals in the 1950s and 1960s which

seemed to continue without end. A variety of attempts to formalize that debate, and hence say precisely what it was that differentiated Keynesians from Classical, led to the adding of the “neo” prefix to both Keynesians and Classical. Thus, the terms *neoclassical* and *neoKeynesian* developed as the Classical/Keynesian debate focused on certain aspects of the broader Keynesian/Classical debate which could be presented in a formal model (Colander, 1992: 444).

Keynesian and neo-Keynesian economics rely on one important feature, which is responsible governmental work. Hence, what is crucial to stress is that with this theory a very close adaptation is required, as highlighted by Cornia:

While the Keynesian (...) theories supporting such an approach indicate that it works only under specific conditions, the policies followed in practice often deviated from the theory and, for instance, adopted an expansionary stance even when the level of output had neared full capacity and inflation, supply and balance-of-payments problems had started to emerge. However, such choices were the result of political economic considerations, such as the nearing of elections or the search for short-term consensus, rather than of any theoretical recommendation (Cornia, 2006: 4).

Following the above definition and rationale, a neo-Keynesian model for Mozambique may follow the following steps. In an aid dependent country such as Mozambique (according to latest OECD-DAC figures ODA reached approximately US\$1.9 billion in 2008 (Appendix 7))<sup>174/175</sup>, foreign aid should be used to foster supply-side interventions to increase agricultural production, especially in tradable goods (Hanlon and Smart, 2008).

Indeed, the productive sector in Mozambique remains scarcely funded. The distribution of aid, which is aggregated in detail in Appendix 8 in total figures by Sector

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<sup>174</sup> Aid dependency is measured by total net ODA (excluding emergency aid and bilateral debt forgiveness) as a share of GNI. As of 2003, the year comparable data for Africa was available, Mozambique (21.8%) was one of the top five aid-dependent economies in Africa, including Sierra Leone and (23.3%), Malawi (24.4%), Guinea-Bissau (27.5%) and São Tomé e Príncipe (51.8%) (Tamele, 2007: 4).

<sup>175</sup> In contrast, Mozambique's state revenues in 2008 amounted to US\$2.3 billion (thus only 16.7% above the ODA that enters the country). This stands against an estimated expenditure for 2009 of US\$2.8 billion (http 20).

for the period 2003-2008 at constant 2007 US Dollars, shows a tendency for social sector preference. In 2008, the funding flow looked as follows:

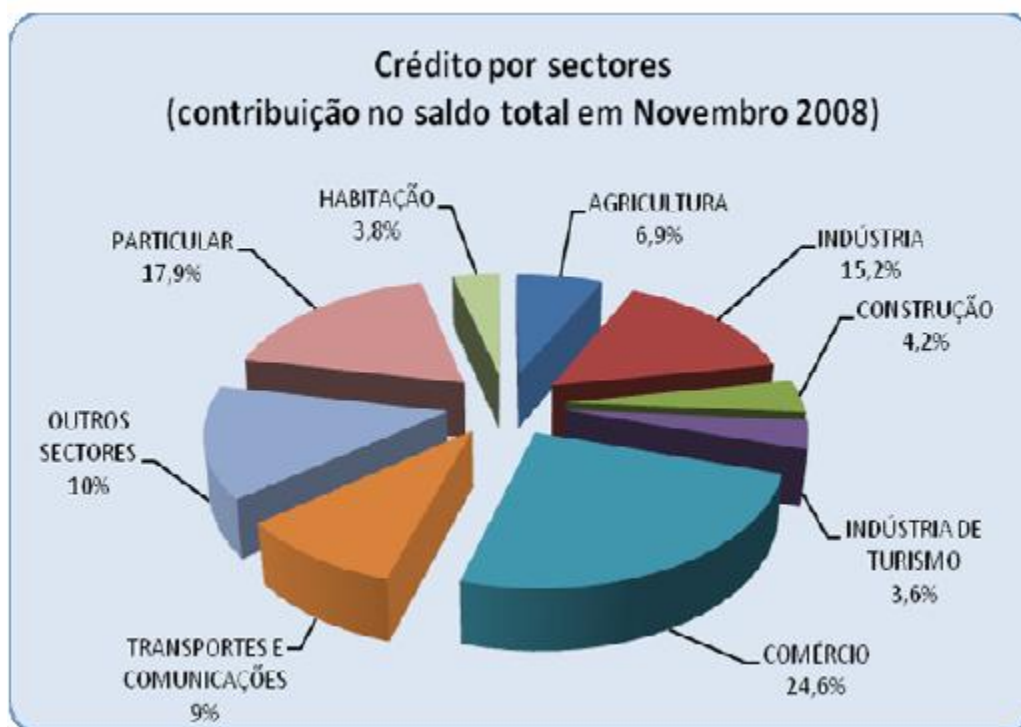
- Social Infrastructure and Services (including education & health, government & civil society): US\$909.14 million (49.1%)
- Economic Infrastructure and Services (including Transport, Energy, Banking and Business): US\$182.32 million (9.85%)
- Production Sectors (including Agriculture, Industry and Mining): US\$146.72 million (7.92%)
- General Budget Support: US\$452.26 million (24.43%)
- Miscellaneous (including Humanitarian Aid): US\$161.12 million (8.7%)

Source: OECD.Stat, 2010 (extracted 22 March 2010)

Limited productive sector support is also apparent when looked at sectoral spending of the OE as presented in the PES 2008 (the latest one accessible as of March 2010). Only a limited credit flow was actually directed towards the agricultural and industrial sectors: of the MZN42.8 billion (approx. US\$1.7 billion)<sup>176</sup> total revenue generated in 2008 (from taxes and other domestic sources), the agricultural sector received budgetary support only in the realm of 6.9%, transport and communication only 9%, and industry 15% (please see pie chart of sector credit as of November 2008 below).

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<sup>176</sup> It has to be stated though that accurate figures in regard to the state budget are problematic to obtain. While the CIA World Factbook states total revenue of US\$2.4 billion in 2008, the PES 2008 states MZN42.8 billion as of November 2008. However, in December 2008 the estimation got recalculated, lowering the revenues to MZN38.8 billion (approx. US\$1.6 billion). This figure has been somewhat approved by the SADC Bankers who state a total revenue of MZN38.3 billion (constituting approx. US\$1.5 billion), and a total expenditure of MZN66.6 billion (constituting approx. US\$2.7 billion, at 2008 exchange rates of MZN24,13 per US\$1 (http 36)). The resulting deficit of MZN28.4 billion is the same as recorded in 2007 (SADC Bankers, 2009: 5-6). Despite the differences in figures, it remains obvious though that Mozambique is a highly aid dependent country, whose use of expenditure is *not* particularly directed to boost the productive sectors of agriculture, industry and transport.



(GoM, 2009: 23)

When looked in more depth at the governmental spending in 2008, it was indeed in line with the government's priority settings of PARPA II, thus included funding to education, health, infrastructure, agriculture and rural development, governance, public order and the judiciary system (please see Table 11 below). As aggregated in that Table, funding to the social sectors education and health constituted the biggest expenditure share (>50%), with 38.2% (+ 4% in comparison to 2007) of the total funding and 16.2% (-5.4% in comparison to 2007) allocated respectively. This contrasts to a support to the agricultural and rural development sector with a mere share of 5.9% (which constitutes a fairly stable contribution in per cent terms in comparison to 2007 (6%)).

### Execução da Despesa nos Sectores Prioritários do PARPA

Valores em Milhões de MTn	2007		2008		Taxa de Execução		Variação 2007/2008	
	Lei revista	CGE	Lei	Real.	2007	2008	Nom	Real
Despesa total (excluindo juros de dívida)	65,819.0	55,366.0	80,332.0	60,650.0	84.1	75.5	9.5	3.1
<b>Total da despesa nos sectores prioritários</b>	<b>41,011.2</b>	<b>34,188.0</b>	<b>54,276.0</b>	<b>38,197.0</b>	<b>83.4</b>	<b>70.4</b>	<b>11.7</b>	<b>6.9</b>
Educação	13,280.2	11,950.0	16,984.0	14,609.0	90.0	86.1	22.3	16.1%
Saúde	9,097.0	7,405.0	10,515.0	6,194.0	81.4	58.9	-16.4	-18.3%
Infra-estruturas	10,446.8	7,826.0	14,532.0	8,539.0	74.9	58.8	9.1	5.4%
Agricultura e Desenvolvimento Rural	2,781.6	2,067.0	3,339.0	2,288.0	74.3	68.5	10.7	10.4%
Governação, segurança e sistema judicial	4,891.5	4,433.0	6,589.0	5,565.0	90.6	84.9	26.2	16.6%
Outros sectores prioritários	514.2	507.0	1,010.0	901.0	98.6	89.2	77.7	66.9%

Table 11: Sectoral Distribution of OE in 2007 and 2008 (GoM, 2009: 230)

Social sector support is certainly welcomed from a human development and capability perspective, particularly in Mozambique in which key social indicators, such as in illiteracy, are still as high as 46.5% in 2003 (UNDP, 2005), and the ratio of Physicians as scarily low as 3 per 100,000 people (UNDP, 2008). Support to the health sector needs to be monitored however, as a further deterioration in total as well as percentage terms would have devastating humanitarian effects on the population.

Yet, increasing investments in agriculture and related productive industries (such as in forestry or fishing) could prove useful to firstly boost subsistence farming and secondly labour creation (thus for securing livelihoods particularly in rural Mozambique). It would also be useful if investments would greater concern infrastructural endowments (transport and storage only received US\$95.92 million or 5.12% in aid), identified as one problematic socio-environmental conversion factor absent in rural Mozambique.

However, placing too much effort and international aid attention on economic activities may open the plenum for yet another *neo-colonial* discussion (Falola and Heaton, 2010), one that is of lesser significance if social sectors are supported (as investments in these sectors are perceived as being rather altruistic).

This is particularly relevant if looked at the power and influence donors gain when supporting budgets directly. In Mozambique, a group of 19 donors (G19), officially called the Programme Aid Partners (PAPs) ([http 37](#)), is giving money directly into the government's budget (general budget support (GBS)). For the year 2010 nothing less was promised than US\$472 million ([http 38](#)). On the one hand, the government gains with this *ownership* of its development process, with only the AR to convince of its decisions in a democratic way when the budget is confirmed.

On the other hand, it becomes apparent that this also increases the power of donors in times of “post-conditionality” (Harrison, 2001), thus in times following the BWIs structural adjustment programs (SAPs), in which *conditionality* (notably to push for market privatisation and deregulation, as well as trade liberalisation), characterised the lending procedures of the Washington Consensus period so dominant in the 1980s and 1990s.

To showcase its power the G19 went on strike from the end of 2009 until March 2010 as a warning to the government to finally see progress in “good governance”, thus in the fight against corruption and on electoral reform. The dispute, which will be discussed in more detail in chapter 3.2/Part II, opened up a whole new discussion about conditionality, the role of aid, and the power of donors in developing countries in general.

Certainly, as interesting and important as this discussion is, a detailed analysis is outside the scope of this thesis. In general, the author adopts the position that GBS has its value if it allows the GoM to increase “real opportunity freedoms” for Mozambicans, and the government shows its political will to do so. In regard to real opportunity freedoms in the economic sector, it would be particularly advisable to start using the available aid and parts of the budget to increase and facilitate the supply-sided support

of agribusinesses, especially in rural Mozambique (hence, to improve economic facilities, Sen's second instrumental freedom). Because what is certain following a neo-Keynesian economic model is that if peasant productivity is supported and income is ensured, *demand* will be increased, which has been identified as the largest single contributor to economic growth (Hanlon and Smart, 2008), which sets this macroeconomic theory at odds with *monetarism*, the theory that determines price stability through managing the monetary supply and central banking as the primary determinant of a nation's economy (http 39)<sup>177</sup>.

This discussion leads then also back to Hanlon and Smart's (neo-Keynesian) proposal. Following their rationale, the creation of demand through the stimulus of local purchasing power should assure the creation of multiplier effects, which can be *initiated* through direct market interventions, such as far-reaching direct cash transfers (in the form of 50 centavos paid to all Mozambicans per week) and a sharp expansion of labour-intensive public work projects, such as road and irrigation system building. The created demand should help farmers to sell their products at fair prices (2008).

Thus, the active raising of productivity in subsistence farming, the rural job creation in form of the aforementioned day labour *ganho-ganho*, the promotion of commercial agriculture in the form of farmer-owned cooperatives, larger farms run by better-off peasants, and the creation of peasant associations, should assure the take-off of an mixed economy from a very low starting point which is, according to Hanlon and Smart (2008), *owned* by Mozambicans themselves<sup>178</sup>.

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<sup>177</sup> An interesting side note may be that upon a simple PDF word search of PARPA II for "stimulus" or "stimulating", zero results were created, and for "demand" merely 7 hits, though without any linkage to the word "market". The word "supply" on the other hand generated 44 hits, mostly in relation to commodities such as water and electricity, reflecting its importance to the liberal macroeconomic orientation of PARPA II.

<sup>178</sup> Here it might be worth looking at policies in other regions of the world. Labour market policies in "left of centre" models in Latin America for instance differ from liberal ones, according to Cornia, "in terms of the extent to which labor policies explicitly address the problems of unemployment, informalization and instability, falling unskilled wages, diminishing coverage of social security, and weakening of institutions

To show how applicable this theoretical proposal is the book cites the recovery of the *cashew nut industry*, seen by many analysts in the Mozambican context as one of the most warning examples of the negative effects of a rapid privatisation and liberalisation process in fragile markets (United Nations, 2000). Being the world's largest cashew nut exporter in 1972, the war took its toll on the industry, and by 1992 "production had tumbled" (United Nations, 2000). The state-owned processing plants needed new investments, and in 1995 the World Bank granted a US\$400 million loan on the condition that the raw cashew trade was liberalised and that Mozambique end subsidies as part of a stringent austerity programme (to showcase fiscal discipline) (United Nations, 2000; http 40).

The result was a loss of 10.000 jobs for those directly employed by the industry, and one million nut collectors losing an income (http 40). The liberalisation condition entailed the lowering of the export surtax on raw nuts from the proposed 26% of the then-government down to 14%, curbing incentives for domestic value-adding processing. Traders rather sold the raw nuts for processing to India. The cited rationale of the World Bank for liberalisation was the improvement of "prices paid to farmers for their nuts" (United Nations, 2000). However, it was mainly traders rather than farmers who profited from the liberalisation, as found by an independent study by the international consultancy firm Deloitte and Touche, commissioned by the Ministry of Industry, Trade and Tourism and funded by the World Bank. It recommended domestic processing and subsequent exporting, with a possible gain of US\$150 per exported tonne (United Nations, 2000).

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for wage negotiations and dispute settlements" (Cornia, 2010: 99). Argentina for instance created labour by enacting *income policies* to "strengthen the purchasing power of poor and middle-income families, including a rise in minimum wages, a large-scale public work program, a deliberate attempt to extend the coverage of formal employment, and the re-birth of trade unions" (Cornia, 2010:99). Thus, actions taken in other regions of the world similar to the neo-Keynesian/ (fiscally prudent) social-democratic proposal put forward by Hanlon and Smart for Mozambique are actually taken place, resulting in favourable distributions of income, according to Cornia (2010: 85).



In addition, whereas guaranteed prices and subsidies to farmers in the United States and other OECD/DAC states ensures them a reliable income, Mozambique had to curtail public spending in due course of the austerity budget conditions. Small-scale schemes, such as the government provision of consumer goods like clothing on credit to small traders to barter them for cashew nuts (http 40), were considered fiscally risky, as they supposedly increased the budget deficit and were causing inflation.

In sum, this policy shift towards *liberalism* (and *monetarist economics*) in the mid-1990s meant a virtual collapse of the industry in 2001-02, “with four tiny factories and a handful of workers” left (Hanlon and Smart, 2008: 42). It severely undermined people’s real opportunities to ensure a livelihood within this industrial sector, and literally meant a move away from pro-poor macroeconomic theory (to be discussed in chapter 3.1.3.8/Part II)

However, a policy shift within the same year meant a recovery of the industry and by 2006 “there were 18 factories with 6000 workers” (Hanlon and Smart, 2008: 42). Without going into too much detail, what happened was that the government and donors increased their support substantially along the whole economic value chain:

support for growers, creating associations of growers and factories, providing appropriate technology, controlling supply, supporting entrepreneurs to enter a new sector and use new technology, innovative financing, and effective collective marketing. (...) The outcome looks like a network of many individual and associative entrepreneurs all working for their own profit, but cooperating in an environment of government support and regulation (Hanlon and Smart, 2008: 50).

Among the most worth noting initiatives has been the creation of a Cashew Promotion Institute in 1999 (*Incaju, Instituto de Fomento do Caju*). In 2001, the government adopted an interventionist strategy: among other things, the export tax was set at 18%, and the industry was granted the first right to buy. In order to avoid the creation of a monopoly stance of the industry, a joint commission of various

stakeholders was established. The government closed some unviable factories and paid off the workers, while supporting peasant producers and smaller labour-intensive factories. Production has been increased by the initiation of a mayor spraying campaign against insects which attacked the trees. Funding and business support for cashew marketing and processing came forward from the Small Scale Industry Support Office GAPI (*Gabinete de Apoio a Pequena Industria*), which provided borrowers with business and financial skills, as well as access to finance through an innovative loan system. The approach taken was “to lend against future earnings”, not “to demand collateral for loans”. GAPI enjoyed financial support from donors, for instance from the United States (USAID) (Hanlon and Smart, 2008: 46-49). GAPI was then able to “built on existing capabilities by ‘forming partnerships with expert organisations which provide “islands of competence”” and then built local centres of competence to replace the initial expertise provided by INGOs” (Hanlon and Smart, 2008: 50).

The recovery of the cashew industry proved the adoption of the new development model right, and is additionally in line with the *current* advocacy of Salimo Abdula, Chair of the Confederation of Mozambican Business Associations, for the creation of “industrial development funds to meet long term investment needs in strategic sectors” (funding for investment will be further discussed in the next subpoint), and for the

development of processing industries to accompany the Green Revolution that the government says it promotes, in order “to ensure the transformation, conservation and addition of value to agricultural products”. (...) That would demand “improving policies for access to land, water, electricity, fuel, improved seeds, bank credit and labour”. It also required agricultural mechanization and the adoption by the government of a new policy to finance agro-business (quoted on the 23 November 2010 in Hanlon, 2010g).

### **3.1.3.5: The provision of credit: funding for investment needed**

For Hanlon and Smart, overcoming the lack of funding for investment, as demanded for by the aforementioned Chair of the Confederation of Mozambican Business Associations, Salimo Abdula in late November 2010, can be accomplished through the establishment of a development bank, credit guarantee funds, and venture capital companies (2008), hence by following the recommendations from the Committee of Counsellors from 2003 (*Agenda 25*). The Committee was set up in 2001 under then-president Joaquim Chissano and with the support of the UNDP and other national and international agencies, with the intention to use the capacity of fourteen Mozambican opinion leaders from academia, the catholic church, the Muslim community, law, economy, politics and the banking sector, to draw a feasible development vision for the two following decades (Committee of Counsellors, 2003).

Indeed, a lack of credit and access to it has been identified among the most problematic challenges for rural Mozambique. In 2007, only 28 of Mozambique's 128 districts banks had branches open for operation, according to Hanlon and Smart (2008: 176). The low level of cash income and the aspect that most rural people live from subsistence farming with very limited capacity to create cash crops makes it unprofitable for privatised banks to open branches outside the big cities.

According to the PO in 2004, access to credit was among the most problematic barriers identified to overcome economic poverty. Only 22% of the study participants claimed that their family unit asked for a credit in the preceding 12 months prior to the study. In more than 50% of these cases, the creditor was the family or friends (highlighting the importance to perceive social capital as one dimension of poverty), in 16% of the cases it was the informal system, and only in 14% and 10% respectively was the main creditor a commercial bank or a microfinance institution (G20, 2004: 22).

Whereas it is rather unproblematic to receive loans for projects with a commercial prospect, as highlighted by the fact that commercial banks were the main creditor in 40% of the cases where SMEs requested a loan (G20, 2004: 22), it is *start-up projects* which have problems accessing credit (Hanlon and Smart, 2008: 176). Under these circumstances the market of microfinance gains importance.

As of 2005, the year a microfinance operator survey was conducted in Mozambique, the number of active microfinance clients, which is clients “with an outstanding loan or engaged in some form of savings”, stood at approx. 103,471. The total value of outstanding loans of the 32 identified microfinance operators stood at US\$16.4 million, with an estimated average loan size of US\$400. Three commercial banks were the main players on the microfinance market, namely *NovoBanco*, *Sociedade de Crédito de Moçambique*, and *Banco Oportunidade de Moçambique* (de Vletter, 2006: 7; 14).

Yet, the portfolio of clients and their geographical allocation is disappointing if the programme is judged against targeting according to needs. Half of the borrowers are living in urban provinces and districts (50.8% in Maputo, Matola and Beira), with the Maputo area especially well served (58% of the active portfolio). Most borrowers are “middle-aged, economically active people with considerable business experience”. Though “not wealthy” do they nevertheless “belong to the low end of an emerging middle class”. Only a small part of the clients were living below Mozambique’s official poverty line (de Vletter, 2006: 24; 46)

Further, the gender distribution of all microfinance clients (borrowers and savers) was mostly balanced (women 52.6%, men 47.4%) (de Vletter, 2006: 24). This means that the *feminisation of poverty* is underestimated, and that the role of women as particularly responsible borrowers is not as much accounted for as it should have been.

This is approved by de Vletter, who states that “without a conscientious effort on the part of donors to promote female participation, the present situation could have been considerable different” (2006: 24).

The provision of credit in rural Mozambique, especially for women, is one of the main challenges for the country. For Hanlon and Smart, the value of microcredit as a stimulus for production and trade (small rural traders can buy crops to sell to bigger traders in the city) is non-disputed. However, only some form of *state involvement* in finance for development (a.k.a. *development bank*) can assure guaranteed “value chain lending” into production, processing and commerce, as well as long-term and coherent (thus sustainable) investments into research and development of new agricultural technologies, and the mass training of entrepreneurs, managers, technicians, and extension workers (2008: 175-186). Isolated and short natured interventions are cited as reasons why it is precisely so complicated to achieve formal labour-creation and the transition from subsistence to commercial farming.

Thus, microcredit should run alongside a development bank similar to those existing in economically more prosperous regions of Africa, such as in Kenya or South Africa (Development Bank of Kenya Ltd. ([http 41](#))); Development Bank of Southern Africa ([http 42](#))).

As to date however, a development bank in Mozambique has not been put in place due to political objections. The most apparent reason to oppose a strong state role in lending is the high level of corruption and rent-seeking (*cabritismo*) within the country’s predominant Democratic Party FRELIMO. Transparency International ranks the country 130/180 on its Corruption Perceptions Index 2009 ([http 43](#)), whereas it was ranked 126 the year before. With a score difference as mere as 0.1 though it is rather fair to describe the situation as poorly stagnant rather than as deteriorating ([http 44](#)).

Particularly problematic are violations of corporate and banking law which remain unpunished. Although to be discussed at more lengths in chapter 3.2/Part II, it is worth noting that only recently, with the replacement of Joaquim Madeira as Attorney General with Augusto Paulino, the Central Office for the Fight against Corruption (GCCC), launched in 2006, was able to conduct some first high profile arrest of party officials, such as former Interior Minister Almerino Manhenje, charged in 48 cases of violating budgetary legality (http 38, 45).

Despite these recent developments however, corruption, both petty and grand, remains stagnantly high nonetheless. As a study of the African Development Bank highlights, aside petty corruption it is particularly grand corruption involving higher-level government officials which impedes on the operational economic environment in the country:

Among the issues cited are nepotism and favoritism in the allocation of government positions and resources and allegations of potential insider dealing and links to organized crime. Mozambique lacks conflict of interest laws, which means that regulators can operate businesses in their own jurisdictions. Particularly problematic is the perception that the judiciary is highly corrupt and driven by political agendas. It is generally believed that judges and prosecutors can be bought or pressured, a perception that has been punctuated by several high-profile cases that have not been resolved. Lack of judiciary transparency is not only a source of corruption itself, but also undermines the ability to root out corruption in other spheres (African Development Bank, 2008: 10).

Thus, the fight against corruption is in direct line with what Sen has identified as his fourth instrumental freedom, namely *transparency guarantees*. Indeed, most Mozambicans who participated in the participatory studies of the PO understand that corruption and the presence of bad governance is one dimension of poverty, or a driver for their impoverished status and causer of ill-being. They are well aware of the political dimension of poverty in Mozambique. For that reason, “political poverty” in Mozambique will be discussed in greater detail in chapter 3.2/Part II.

However, despite this valid concern regarding the inauguration of a development bank, its power as such should not be underestimated. Even PARPA II identified “access to credit” and the creation of “new alternative credit instruments” (GdM, 2006: 124 (par. 501)) as pivotal to modernize and expand the financial system. And aside the fact that grand corruption remains high in Mozambique, there are signs of successful decentralisation efforts and examples of powerful pro-poor state action.

Here the “Seven Million MT” is particularly worth noting, a government initiative in 2006 that is probably the most visible decentralisation and local governance empowering initiative as to date. The seven million MT (or approx. US\$265,000) is a direct funding contribution from the central government to every of Mozambique’s 129 districts, representing 2% of the 2006 state budget, and as a total amount is similar to the state transfers to the country’s 33 municipalities (Hanlon and Smart, 2008: 83).

Initially transferred without any conditions attached as for what the money should be used for, President Guebuza announced in April 2007 that “the money could only be used for projects to generate income, create jobs, and increase food production at district level” (Hanlon and Smart, 2008: 84). Despite some frictions regarding this conditionality (i.e. some voices were raised that in certain districts not food security is the top priority but the poor state of public infrastructure (Hanlon and Smart, 2008: 84)), the “Seven Million MT” initiative is overarchingly perceived as a prove of good-will for decentralisation and pro-poor policy targeting, as accessing the money requires to put forward project proposals by “associations, small businesses, and individuals” (Hanlon and Smart, 2008: 84), which then need to receive approval by the aforementioned CCs. The CCs are probably the “closest one gets to local political representation in districts” and hence in “invigorating local democracy” (Tvedten et al., 2009a: 6).

In sum therefore, the successful inauguration of a development bank will rest upon progress made to guarantee transparencies and the fight against corruption. It will depend on honest efforts to decentralise the government, and in strengthening local democracies with real economic power and political influence. Hence, identifying and strengthening a “development group” or party officials within FRELIMO genuinely interested in power sharing, decentralisation, democratic decision making, and pro-poor prioritizing will be the key challenge for this aspect and the general prospect of the neo-Keynesian proposal (Hanlon and Smart, 2008; Vollmer, 2010a: 351).

As of the importance of transparency guarantees for economic poverty in particular, the next subpoint will further analyse Sen’s fourth instrumental freedom with regards to *land tenure*.

#### **3.1.3.6 Guarantees: Land tenure**

To analyse this aspect for the case of Mozambique it is worth looking, yet again, at the PO and its participatory analysis of economic poverty. By acknowledging that “Government activities towards an increase in production and productivity will only bear fruit if there is a guarantee of access to and tenure of land” (G20, 2004: 21), impoverished Mozambicans were asked “whether they had any land for cultivation and land to live on, to whom that land belonged, and what type of security of tenure the interviewee had” (G20, 2004: 21).

The research found that even though 75% of the people interviewed had land for cultivation and approx. 80% had a stand to live on<sup>179</sup>, more than 40% who owns land do not have security of tenure, leaving people with the fear the state may take away their

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<sup>179</sup> As the CMI found out indeed, “while access to land *per se* is not considered a major problem, it is acknowledged that there is limited access to the most fertile land usually adjacent to rivers and lakes” (Tvedten et al., 2009a: 9, fn. 13).



land or stand (G20, 2004: 22). As petty corruption is widespread as well, the trust in administrative authorities is limited.

This condition appears inadmissible and even more incomprehensible concerning the country's well designed land law from 1997 (*Law 19/97*). Crafted under the leadership of the Technical Secretary of the Inter Ministerial Commission for the Revision of Land Legislation, and following the first formulation of a new National Land Policy in 1995, it was praised by UK's Department for International Development (DFID) as probably "the best land law in Africa" (DFID, 2008).

Explicitly not a *land reform instrument* comparable to those seen in neighbouring regional states (i.e. Zimbabwe), Law 19/97 was particularly designed to

recognise and protect *existing land rights*, in the main held by the large majority of rural Mozambicans through customary land laws and management systems. It is not designed to change the fundamental, underlying structure of land ownership in Mozambique, to switch key resources from one group to another. The bedrock of State ownership of land and natural resources remains in place. Indeed it can be argued that in Mozambique, the new Land Policy and Land Law have been designed to *prevent land concentration*, as new market relations take hold and the power of capital begins to make itself felt in a still fragile multiparty democracy (Tanner, 2002: 1-2).

This last aspect is particularly important in the sub-Saharan African context. As Mozambique's colonial landowners mostly fled in the mid-1970s following independence, the state took ownership of the land. However, in contrast to neighbouring Zimbabwe for instance, a small landowning class did not take control of the most fertile land. Thus, land concentration was not an issue, wherefore it was possible to develop Law 19/97 with the objective of sustainable development, and, as remarked above, to *avoid* the creation of land concentration:

it creates the conditions for change, for a long-term but *gradual and well managed* process of rural development: through the adaptation of local structures to modern land management methods (and vice versa); through a process that should allow local people to realise and use the capital value currently locked up in their one key asset (their land); and through

the decentralisation and democratisation of land and natural resource management right down to community level. It is this process that will stimulate a profound process of social development amongst newly empowered communities (Tanner, 2002: 1).

As of this, the State has to recognise testimonial proof of occupation for longer than ten years in good faith, and it has to guarantee full use and benefit of the land by the holders of such rights (G20, 2004: 22-23). What is problematic with the Law though, as highlighted by DFID, is that even several years later “the law is still not properly known by many rural communities. This has sometimes led to unfair deals and conflict between tenants and landowners” (http 46).

This may explain the high uncertainty and fear among rural Mozambicans regarding land tenure security. As highlighted by Tanner, effective implementation of this legislation is not happening, with only limited progress being made “towards identifying and recording customarily acquired rights” (2005: 124). More transparency and open policy is certainly required to establish trust in the allocation and administration of land by State authorities. This will allow much needed longer term development visions on the local level, for which the law was initially designed for.

Here, the study of the administration and allocation of the urban land market, produced by *Cruzeiro do Sul* in collaboration with the Faculty of Agronomy, Eduardo Mondlane University Mozambique, is a useful and worth mentioning initiative to this end (Negrão, 2004). On the alarming side though, the report revealed signs of land concentration through the allocation of large areas to relatively small number of applications if granted through the government, whereas land concentration was weak when “use rights had been acquired through customary systems or occupation in good faith” (Negrão, 2004: 20).

These results are not surprising concerning the high prevalence level of corruption in urban Mozambique. What becomes apparent therefore is that further investigations and monitoring systems are required to watch administration and allocation tendencies, extended particularly into rural Mozambique. Otherwise, Law 19/97 is threatened to be undermined in regards to its primary objective of stimulating a social development process, and also of losing its label of being an African success story. Lessons from neighbouring Zimbabwe should alarm authorities to avoid further land concentration by all means, because this tendency is certainly observable in Mozambique: “Much productive land is currently occupied by people who are not using it, generally members of the urban elites, who may have acquired land for future speculation” (Salimo Abdula, Chair of the Confederation of Mozambican Business Associations on the 23 November 2010, quoted in Hanlon, 2010g).

### **3.1.3.7 Visions from Europe – Plan España**

A useful example of an approach adopted similar to Hanlon and Smart’s neo-Keynesian proposal is the Government of Spain’s so-called *Plan España* or *Plan E*, a policy response of an industrialised economy particularly drafted to the 2008/09 financial and economic crisis. Plan E proposes active state interventions into the market in four ways: supporting families and companies; raising employment rates; financial and budget measures; and economic modernisation. It encompasses a series of 80 measures with similar objectives as those actions proposed by Hanlon and Smart: Through a series of tax measures increase family income to ensure a fiscal boost of €14 billion (*stimulate demand*); guarantee access to company credit for Small and Medium Enterprises (SMEs) in the realm of €29 billion; introduce direct job measures in the public work sector, such as the *Local Entities and the Special Fund for*

*Employment and Economic Reactivation*, budgeted at €11 billion, which intends to create 300,000 new jobs across Spain (*formal job creation to increase demand*); inject liquidity into the financial system; and finally, introduce measures to enhance productivity in basic industries such as transportation, energy, telecommunications, services, and social services (*support supply-sided interventions*) (http 47).

Even though Spain is facing massive economic problems in 2010/11 for structural reasons beyond the scope of analysis here (which includes an intense struggle with an unemployment rate of 20% (http 105)), the adopted Plan E as such was in line with responses taken throughout Europe that followed a similar counter-cyclical approach (such as in Germany, the Netherlands, the UK and France). Germany in particular has been hailed for its management and response to the financial and economic crisis of 2008/09 for interventionist policies similar to those conducted under Spain's Plan E (http 106; Martin et al., 2009).

These direct market interventions by the state, which can be nothing labelled but neo-Keynesian<sup>180</sup>, are in their macroeconomic nature not different from Hanlon and Smart's proposal for Mozambique; they rather differ in scale of the interventions. It is thus a proposal worth taking seriously, particularly as other authors arrived at very similar conclusions conducting research either in Mozambique itself, or in similar post-war economies.

As already mentioned, the CMI for instance proposed "a reintroduction of some type of marketing boards" to ensure fair prices (for agricultural products) and guaranteed markets (Tvedten et al., 2009b: 4). And concerning that Mozambique remains to be categorised as a post-conflict emerging economy, it is worth taking note of experiences in similar post-war states, such as Afghanistan, Bolivia, the Democratic

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<sup>180</sup> An in-depth study by the well-respected *Spiegel magazine* of Germany's response to the crisis was actually labelled "A Keynesian success story" (http 106).

Republic of Congo, Nepal, Rwanda and Sierra Leone. An OECD study that analysed these states concluded that “Markets left entirely to their own devices are unlikely to underpin new growth trajectories, particularly in the risky environments found in most fragile states” (OECD, 2010: 20). Especially the “lack of attention to the productive sectors is (...) important in relation to agriculture, as this sector still provides the greatest potential for growth and employment in most fragile states” (OECD, 2010: 20).

And indeed, despite a near doubling of aid to the agricultural sector from US\$60.52 million in 2007 to US\$114.67 million in 2008 in Mozambique (which means agriculture is by far the best supported productive sector (78.16% of the total US\$146.72 million contribution), it remains in relation to other sectors though limitedly supported concerning the total volume of aid (6.19% of the total US\$1851.56 million contribution (please see Appendix 8)). The same holds true for the neglect of the sector by state expenditure, as seen in Table 11.

Hence, calling for a different macroeconomic development model appears a justifiable demand for Mozambique. To further legitimise this demand the next subpoint will analyse contemporary macroeconomic trends for pro-poor economic growth, and its applicability for the case study of Mozambique.

### **3.1.3.8 Macroeconomics 2010: trends and tendencies**

In the personal preference formation in Part I of this thesis I set out to direct the analytical focus on *well-being* as opposed to ill-being. Simply put, this can be achieved by learning from mistakes and try to filter out good practice for learning and future conduct. Without a doubt, conducting an extended capability analysis for an impoverished country such as Mozambique cannot be but greatly concerned with *ill-being* through a critical lens. This is particularly the case when the analytical focus is on

*real opportunity provision* in a post-conflict society, such as Mozambique. It would have come with a big surprise to observe that following three decades of war (liberalisation struggle and civil war) many opportunities would have been present for Mozambicans to take advantage of<sup>181</sup>.

Yet, conducting this analysis remains a valid endeavour, as it constitutes a holistic approach better suited to assess actual living situations for ordinary Mozambicans rather than deriving from a narrow view on caloric intake to the conclusion that poverty in Mozambique rapidly declined between 1996/97 and 2002/03 (Fox et.al, 2005: 2; Fox et al., 2008: 4)<sup>182</sup>.

However, aside of a problem analysis which is thought of being closer to the actual problems apparent in Mozambique, the following point will try to approach the ideal of doing a well-being analysis, by giving an outlook on what is thought of being actual “pro-poor macroeconomics” (PPM for pro-poor growth (PPG)). While this is a complex study concern of most importance to the discipline of development economics, there has nevertheless been some progress made on arriving at some *intersubjective* conclusions of what constitute some basic principles for PPG. Here I would like to introduce the work of Giovanni Andrea Cornia, a former Director of the United Nations University World Institute for Development Economics Research (UNU-WIDER)<sup>183</sup> (Cornia, 2010: 85), who analysed the potentials and limitations of PPM, and whose critical scrutiny of the suitability of liberal economics for developing countries (Cornia,

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<sup>181</sup> The creation of “real opportunity freedoms” is what turns the CA as an evaluative framework of well-being into such a suitable analytical fit of poverty as ill-being, wherefore it is endorsed in this thesis.

<sup>182</sup> Her I would argue from a philosophical angle that one should take an *empathetic approach* to real living situations of *ill-being*. Because then, as I am arguing here, the capability analysis for Mozambique is reflecting the appropriate analytical focus or space for deriving at any meaningful conclusions about poverty and its subsequent alleviation. This is not possible by looking narrowly at consumption levels alone. Consumption (or any other unidimensional space) alone does not reflect ill-being, even if it is a major part of it.

<sup>183</sup> UNU-WIDER, inaugurated in 1984 with base in Helsinki, is probably the world leading Institute in the research on development economics, which bases its findings mostly on extended empirical research. Hence, its research findings enjoy great confidence levels.

2006: 2) is in line with the criticism raised in this chapter on the liberal macroeconomic orientation of PARPA II.

As Cornia observes, PPG usually takes place if the right conditions are apparent in the interplay of “initial conditions, factors endowments, comparative advantages, exogenous shocks, external financing and public policies”. He divides these factors into a three-tier system, spanning macroeconomics, development and social policies (2006: 1). He claims that broad agreement among development economists is in place that “investments in health, education, child nutrition, gender balance and empowerment of the poor improve well-being, generate high returns, reduce inequality, and contribute to macroeconomic stability” (2006: 23 fn.2). Pro-poor structural policies include “human and physical capital accumulation, technology transfer, land reform, agricultural growth, microcredit, and insurance”, whereas *ex ante* interventions to improve the functioning of markets and public institutions are also claimed of being beneficiary to reduce levels of poverty (2006: 23 fn.2).

In this thesis I did not follow Cornia’s three-tier approach to PPG, but applied the capabilities terminologies and named some real opportunity deprivations for Mozambicans (in this chapter particularly related to economic facilities and transparency guarantees). As analysed, although agreed upon by economists and analysts across disciplines, development and public policies in Mozambique remain far from the ideal as described above.

Certainly, funding flows to the social sectors in 2008 constituted >50% of total budgetary spending, however the decline in health spending between 2007 and 2008 gives reason for concern. Further, gender disparities remain to be large, and the absence of a functioning sales and labour market in combination with the political unwillingness to conduct an active creation and stimulation of it in rural districts signals a misguided

focus of structural policies. As further worked out, access to credit, technology transfers and achieving agricultural growth are fields afflicted with major difficulties. And as seen in chapter 3.1.3.6/Part II, a land law that was passed in 1997 to strengthen land tenure of ordinary Mozambicans has faced severe difficulties in practical terms, mostly related to nepotism and broad based corruption pervading across governmental and public sector ranks.

Yet, possibly the biggest problem that emerged in the problem analysis concerns the lack of investment in the productive sectors, under funded by both ODA and the OE. These country case observations have been highlighted as problematic within the analytical focus on Sen's second instrumental freedom (economic facilities), and finds a further theoretical approval by the PPM analysis offered by Cornia.

Whereas PPG always depends on some context given local circumstances, such as the role of the government within the economy, the state of institutions, the level of foreign debt and the availability of natural resources, *inter alia*, which makes it impossible to derive at some definite *ex ante* macroeconomic policies to prescribe for every case, it is, nevertheless, possible to summarise some *lessons learnt* or broad principles for proper macroeconomic conduct for PPG, according to Cornia: "At a general level, a PPM policy is characterized by policies of crisis avoidance and maintenance of a reasonable macroeconomic balance" (2006: 10). However important it is though, focussing solemnly on fiscal stability, the prime objective of monetarism, is insufficient for achieving PPG, and has to be accompanied by actions taken in the following areas:



- Fiscal policy: preservation of adequate pro-poor and pro-growth public expenditure during stabilization. That is, a fiscal policy aiming at balancing the budget in the context of an expansionary expenditure policy<sup>184</sup>;
- Tax Revenue: rise taxation/ GDP ratios, hence take measures to speed up capital
- Monetary policy and inflation targeting: strong institutions for the regulation of the financial and banking sector; real interest rates at low-to-moderate levels
- Exchange rate regime: a competitive and stable real exchange rate encouraging investments in the labour-intensive tradable sector
- Trade and external indebtedness: trade liberalization that avoids a collapse of the import competing sectors, while quickly removing any anti-export sector bias (Cornia, 2006: 10-11; 2010: 96-99).

A detailed analysis of all these lessons learnt, which are based on comprehensive desk reviews of empirical observations and comparisons conducted at UNU-WIDER for PPG, does certainly exceed the limited space of this chapter. However, some of the most important measures shall be discussed for the case of Mozambique, concerning particularly fiscal policies, tax revenues, and trade (as these are the ones most crucial for letting Mozambicans achieve their most desired economic functioning, an ensured livelihood).

### *Fiscal policies*

As much as budgetary stability is an important condition for PPG, its impact should not be overestimated. As Cornia states,

the standard monetarist approach to stabilization typically leads to larger-than-expected improvements in the balance of payments and inflation

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<sup>184</sup> Which is a key neo-Keynesian feature for counter-cyclical spending.

and greater-than-expected declines in GDP, investment and employment (2006: 6).

Certainly, achieving the former is important to open up the economy for market competition (particularly crucial for a former socialist state characterised by low levels of productivity and high levels of rent-seeking such as Mozambique), to lower inflation (the consumer price index lowered from 15.2% in 2003 to an estimated 3.5% in 2009 (http 48), the lowest rate since Mozambique embarked upon the transition from socialism to a free market economy in 1987 (http 49)), and to achieve greater commercial and financial integration into the world economy (in 2008, the current account deficit constituted approx. 10.1% of GDP, a deficit of US\$975.3 million (SADC Bankers, 2009: 7), reduced from 21.24% in 2002 (http 50)). Whereas the deficit is 7% above the weighted average of 3.1% (of 175 countries), and hence far from ideal, it is nevertheless not too defective considering that northern countries, such as the United States, are operating with a negative BoP themselves (-6.37% in 2005 (http 51)).

However, these achievements usually come with negative consequences on GDP real growth rates, investment and employment levels, which have been identified within this thesis as particularly important to reduce levels of economic poverty, inequality and achieving human flourishing. Certainly, while GDP real growth rates have been fairly non-effected by the macroeconomic stabilization programmes over the last five years (although early figures for 2009 indicate a decline in GDP real growth rate from 6.8% in 2008 to 6.3% in 2009, which is expected though to re-accelerate to 8.3% in 2010 (http 20)), *investment demand*, defined as total “business spending on fixed assets, such as factories, machinery, equipment, dwellings, and inventories of raw materials, which provide the basis for future production” (http 52) declined rapidly between 2003 (47.8% of GDP) and 2007 (21.3% of GDP), ranking it 83/148 countries worldwide (http 52).

The decline has been partly due to the identified credit restrictions, which resulted in high interest rates (18.31% (31 December 2008), constituting the 27<sup>th</sup> highest in worldwide comparison, and 15.68% (31 December 2009), constituting the 25<sup>th</sup> highest in worldwide comparison (http 20)), and which were caused by the low levels of expenditures into the market in due cause of the standard prescription of fiscal austerity for inflation targeting (budget expenditure was as low as US\$0,26 per US\$1 of GDP in 2006, ranking it 112/184 countries worldwide (against an weighted average of US\$0,33 per US\$1 of GDP (http 53)). Hence, the lowering of investment, particularly into Mozambique's productive sectors, will impede the creation of formal labour, which, in fact, should be one of the main policy focus points for achieving the anticipated functioning of ensuring Mozambicans a livelihood.

#### *Rising tax/GDP ratios*

Hence, to approach a balanced budget within an overall expansionary expenditure policy, allowing for counter-cyclical fiscal policies particularly in crisis years, it is utterly crucial to achieve progress in step two of Cornia's five step plan, namely an increase in the country's tax revenue and GDP ratios.

Developing countries with a high rate of informal labour and unequal economies, such as Mozambique, are characterized by a weak fiscal policy, grounded in the inability to generate sufficiently large tax revenues. Concerning Mozambique, whilst being successful in continuously rising budget revenues from US\$393 million in 2001 to US\$2.3 billion in 2009 (http 20), it was nevertheless ranked 116/166 countries in 2007 in generating budget revenues overall (http 54). What's problematic with this is that "even moderate levels of public expenditures lead to persistent deficits that are

financed with monetary emissions, state bonds carrying high interest rates or external borrowing” (Cornia, 2006: 2).

This is indeed observable in Mozambique, in which public debt stood at 26.1% of GDP in 2009 (placing it on rank 88 in worldwide comparison (http 35)). As already mentioned, a budget deficit is not problematic *per se*, if, among other things, “public expenditure creates productive infrastructure” (Cornia, 2006: 2). Yet, as worked out, this is not the case in Mozambique, which remains to constitute one of the main inhibitions for ordinary Mozambicans to transfer commodities into functionings.

To this end the GoM needs to reverse this trend by “a strengthening of tax/GDP ratios and retrenchment of non-productive expenditures during normal times”, as this “would widen the scope for conducting a counter-cyclical fiscal policy in crisis years” (Cornia, 2006: 16). As proposed by Hanlon and Smart, it might indeed be worth considering using foreign aid to strengthen the productive sectors<sup>185</sup>, while local revenues could continue following the adoption of support-led strategies (so as to avoid cutting “non-productive expenditures” within the social sectors education and health,

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<sup>185</sup> Whilst avoiding *Dutch disease*, which is the “negative impact on an economy of anything that gives rise to a sharp inflow of foreign currency, such as the discovery of large oil reserves. The currency inflows lead to currency appreciation, making the country’s other products less price competitive on the export market. It also leads to higher levels of cheap imports and can lead to deindustrialisation as industries apart from resource exploitation are moved to cheaper locations” (http 55). ODA was also thought of being a causer for Dutch disease (as it is warned of in PARPA II (GdM, 2006: 43), however, as a 2006 study by Foster and Killick found: “The Mozambique study (...) found no signs of a Dutch disease problem” (2006: 3). The study further warned though that “the shift in recent years away from using aid for directly productive development in favour of health, education and other social spending is another source of concern. In effect, non-tradeables have become favoured outputs, increasing the danger of Dutch Disease. Our country cases illustrate this trend, e.g. in Mozambique and Tanzania” (2006: 3). In addition, “virtually no evidence was found of aid being used for promoting private sector development. The significance of this is that it is within the private sector that most exports and import-substitutes are produced, while non-tradeables come more from the public sector” (2006: 3). Hence, whilst Dutch disease is not a current problem in Mozambique, the study warns that “there is logic and evidence pointing in both directions. It remains an open question whether a large increase in aid to African countries would induce symptoms of Dutch Disease” (2006: 3). *Cum hoc ergo propter hoc*, in order to avoid Dutch disease, aid should be used to “break infrastructural and other impediments to greater export success, reversing the excessive recent shift in favour of social spending, will be particularly important” (2006: 4). In other words, the study recommends some direct support to tradable goods (production and processing), hence, some active state involvement in the market and private sector. Hanlon and Smart’s neo-Keynesian value chain approach, in which ODA is used to support supply-side interventions to increase agricultural production of tradable goods, is hence a meaningful proposal for PPG indeed.

which is not to be recommended from a capabilities point of view), and to stimulate labour creation and demand aggregation (through, among other things, actions taken such as (targeted) direct cash transfers<sup>186</sup> or the extension of public work projects (Cornia, 2010: 99; 101)).

In sum therefore, the creation of formal labour is in the government's best self-interest. In this light its announcement at the presentation of the government's programme for the period 2010-2014 to the Parliament to increase the tax revenue from 16.4% in 2009 to 18.9% in 2014 has to be welcomed. This shall be achieved by

decentralization of the tax payment system through opening more tax offices, including mobile tax collection posts, allowing internal taxes to be paid at border posts, and involving local administrative and community authorities in tax collection (http 28).

Aiming for a central government budget in equilibrium during upturns such as the one observable in the previous 15 years with positive GDP rates of 7% on average is crucial for a developing country such as Mozambique, as empirical evidence suggest that a decline in GDP has some severer consequences on state revenues in developing countries than for OECD/DAC countries. Whereas in the latter a 1% GDP decline causes a revenue decline of 1.8%, the same 1% drop in GDP causes a revenue decline of

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<sup>186</sup> Farrington, et al. found cash transfers highly useful for PPG, because there can be ““win-win” complementarities, as when, for instance, part of a transfer is used for productive investment (either immediate, such as fertiliser, or longer term, such as health and education) (...).Even where cash transfers are used for consumption purposes this may have positive multiplier effects on local economies and may free up other household assets for productive purposes so care needs to be taken in making to firm a distinction between consumption and productive uses” (2005: 2). Some limited cash transfer programmes have already been tested in Mozambique, namely during the 2000 floods as part of an emergency programming. Against the danger that these transfers can cause inflation (“if an injection of cash causes prices for key good to rise, then recipients will get less for their money and non-recipients will be worse off” (Farrington, et al., 2005: 4)), this has not been observed in Mozambique. To the contrary: “The results were positive with money spent on household goods, clothes, and livestock, allowing people to take charge of their lives rapidly, decreasing the tendency to passive dependency. The money helped to stimulate the immediate economic environment and did not lead to inflation of food prices as the money was generally spent on investment and not consumption goods The cash was mostly used for productive investments” (Selvester and Castro, nd: 15). Another one has been run by the National Institute of Social Action (*Instituto Nacional de Accao Social* (INAS)), which targeted very successfully 75,000 elderly in 2005 with MT70 per individual (with two-thirds of the targeted being women). INAS runs in sum various social protection programs, directed at the absolute poor, unemployed and communities at large (http 56). Transfer programmes as such are mentioned in PARPA II, though not direct cash handouts or subsidies. In sum therefore, as a *demand* aggregating policy tool it is currently underused and certainly worth strengthening for achieving PPG in Mozambique.

5.8% in economically developing regions of the world, such as Latin America (Lustig, 2000, in Cornia, 2006: 23 fn. 6).

Hence, using these times of positive GDP growth rates is crucial in order to collect and save revenues to support public expenditure during crisis years (counter-cyclical fiscal management, as conducted in industrialized countries such as in Germany or Spain (under *Plan E*) in 2009, following the neo-Keynesian rationale, as discussed in subpoint 3.1.3.7/Part II). As worked out by Cornia, a weak fiscal policy would be to balance the budget, and spending the extra revenue collected *during* the upturn<sup>187</sup> (Ocampo, 2008, in Cornia, 2010: 97).

For Mozambique however, the picture is rather a mixed one. Although the continuous rise in GDP and budget revenues constitute a positive development trend and reflects a time of economic upturn (in addition to the US\$1.9 billion in ODA in 2008), the money generated is certainly not enough to justify fiscal austerity (= hardship for ordinary Mozambicans) to further balance the budget and save up revenues for bad times (which, despite all favourable statistics, are actual already taking place for Mozambicans).

Hence, a balance has to be achieved of reducing the BoP by retrenching non-productive expenditures, while using fiscal expenditures to invest in social opportunities, and to aggregate demand, labour and investment in productive sectors (including investments in processing, in order to add-value to exports and hence reducing the vulnerability of being at the mercy of the world's commodity price variability).

If this approach is not taken and strict fiscal austerity remains to be adopted, demand will not be aggregated, economic output will be diminished, and employment

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<sup>187</sup> Hence, pro-cyclical expansionary fiscal policies to boost growth that carry the risk though of building up vulnerabilities that hit when the favourable conditions alter (Cornia, 2010: 96)

will not be created. This will have detrimental consequences on the tax base, and actually growth rates as such (Cornia, 2006: 16-17). In other words, the medicine to cure the deficit can actually act as poison that causes and further increases it.

To this end, the turn of the IMF in 2009 to allow Mozambique (and Tanzania) to implement a fiscal stimulus under the 2009 Article IV Consultation and the fourth review under the Policy Support Instrument (PSI) has to be welcomed. Justified by the scale down of foreign direct investments and the country's declining exports due to sharply lower commodity prices and weaker external demand as a consequence of the 2008/09 economic crisis, the IMF recommended to:

In the short term, given Mozambique's low level of public debt, the mission sees scope to at least partly offset the impact of the global economic crisis on Mozambique with somewhat more expansionary fiscal and monetary policies. In 2009, relative to the budget approved by Parliament, revenue is expected to fall by 1.3 percent of Gross Domestic Product (GDP). Prudent fiscal policies in recent years provide scope to allow maintain spending at budgeted levels and raise domestic financing by 1.8 percent of GDP, compared with a repayment to the banking system of -1.9 percent last year. The mission also sees some scope for easing monetary policy in the period ahead to limit its contractionary impact on credit to the private sector. Inflation in 2009 is expected to remain low at about 5-6 percent (IMF, 2009).

Additionally, the IMF subsidised fuel prices for most of the year, and gave blessing to the government's major projected public investments in transport and electricity infrastructure (thus in sum, allowing counter-cyclical fiscal policies)<sup>188</sup>. The most important one is the new electricity line build from the Zambezi Valley to the

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<sup>188</sup> These concessions away from the monetarist neo-liberal textbook are only temporarily, as the IMF remains to stress even within the same press release: "Short-term economic stimulus must not jeopardize medium-term economic stability, which remains critical for Mozambique to resume robust economic growth and make decisive progress in poverty reduction. Over the medium-term, fiscal policy must continue to be guided by a firm commitment to maintain a sustainable level of public debt and reinforce public financial management to ensure the efficiency of public spending" (IMF, 2009). This follows the rationale that an optimal fiscal deficit should be sustainable over five to 10 years, but, as criticised by Cornia, in determining the deficit the IMF "assumes the rate of growth, fiscal revenue and interest rates as exogenous, while (...) such variables and the deficit are jointly determined" (2006: 16). Hence, while large deficits build up during crises need to be reduced, it has to be done gradually, such as in the realm of 1.5% of GDP per year (Adam and Bevan, 2001, in Cornia, 2006: 17). This is not detrimental on growth rates and aims as much as possible the avoidance of hardship for the poor.

south of the country, without which the province of *Tete* couldn't be fully tapped (http 49). The other one is maintenance works carried out on the *Cahora Bassa* Hydroelectric Dam, which, in turn though, caused temporarily contradictions in the production and supply of electric power in 2008 (SADC Bankers, 2009: 1)<sup>189</sup>.

In sum therefore, PPG requires a thoughtful fiscal policy with a focus on investments in productive infrastructure and tradable goods, human capital enhancements, formal labour creation, and the aggregation of demand and revenue, in order to enhance people's real opportunity freedoms for achieving a livelihood. This has to be achieved with an eye on the BoP, whereas this shouldn't be as rigid as to cut options loose for policy manoeuvring. Although operating with a low monetary base, budget and ODA reallocation and reorientation should help paving the way further on this development path. What's crucial is to build upon and extend on those few favourable conditions already in place, such as those investments already budgeted for the social sectors, and the satisfying GDP growth rates coupled with the increased revenue base of the previous decade. Other factors stimulating PPG are discussed below.

#### *Trade and external indebtedness: balancing the capital with the current account*<sup>190</sup>

In theory, a country's BoP should balance each other out, that is, it is zero.

However,

when an economy (...) has positive capital accounts (a net financial inflow), the country's debits are more than its credits (due to an increase

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<sup>189</sup> In a country such as Mozambique, in which electricity production is as low as 15.91 billion kWh in 2009, ranking it 78<sup>th</sup> in worldwide country comparison in 2009 (http 20), any investment in this truly enhancing real opportunity freedom, most favourably even in green technologies such as hydroelectricity, shall be granted with support and demand from a capabilities perspective.

<sup>190</sup> Capital account, which together with the current account makes up a country's balance of payments (BOP), is defined as the "net result of public and private international investments flowing in and out of a country". It "includes foreign direct investment, plus changes in holdings of stocks, bonds, loans, bank accounts, and currencies" (http 58). In contrast, the current account is defined as "the difference between a nation's total exports of goods, services and transfers, and its total imports of them" (http 59).



in liabilities to other economies or a reduction of claims in other countries). This is usually in parallel with a current account deficit; an inflow of money means that the return on an investment is a debit on the current account. Thus, the economy is using world savings to meet its local investment and consumption demands. It is a net debtor to the rest of the world (http 57).

From a PPM perspective, being a debtor to receive much needed capital for fiscal usage to boost PPM is certainly justifiable. However, being too reliant on foreign capital should be avoided, as it creates dependency and vulnerability. Hence, as Cornia's research suggest, the first step is to allow limited foreign indebtedness, whilst delaying capital account liberalization, particularly in countries with large budget deficits and weak regulatory capacities, such as Mozambique.

To a certain degree, this has been achieved in Mozambique. Whereas the country abolished (hence liberalised) all controls on *current account* transactions in December 1998 (meaning that subsequently all current account transactions were handled by commercial banks) (Banda, 2000: 12-13)), it was successful in limiting its foreign indebtedness, as suggested from a PPG perspective (Cornia, 2006: 11). In due course of the 2006 Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI), much of Mozambique foreign debt was cancelled. In relative terms, "the debt level has improved from 70% of GDP in 2005 to 47% in 2008 and is expected to further improve to around 35% in 2009". Caution is required though, because it is nevertheless expected that it edges "close to the 2005 level again in 2008 in nominal terms" (Maasdam, 2009: 6).

The relevant question is certainly how to finance development without the recourse to global savings. Several measures can be taken, i.e. through the "mobilization of domestic resources to be achieved through the strengthening of indigenous financial institutions". This, in turn, can be done through the provision of "infrastructural support,

a tax free status and public guarantees for loans, or relying on existing postal office networks” (Cornia, 2006: 11). Of most importance to an impoverished country such as Mozambique is probably the last measure suggested by Cornia, which is, ultimately, to raise public savings through taxation. As outlined at length in chapter 3.1/Part II, the provisional data from the TIA 2008 suggested a widening of the income gap between the better-off and the worst-off Mozambicans. *Post hoc*, in order to increase revenues it will require to increase the “tax pressure” on the better-off (Cornia, 2006: 11). For Mozambique that can only mean the introduction of some form of “affluence tax” or a “top tax bracket”.

Although statistics on the exact taxation of the richest quintiles of Mozambique are not available, it is nevertheless fair to assume that with a total tax rate (defined as “the total amount of taxes payable by businesses (except for labour taxes) after accounting for deductions and exemptions as a percentage of profit” (http 60)) of 39.2% as of 2006 (ranking Mozambique 116/171 in worldwide comparison, against a weighted average of 54.3% (http 60)), that room for improvement is available. To this end the new Personal Income Tax Code (Law 33/2007 of 31 December 2007) has to be partly criticised. On a positive note, the new established threshold for non-taxable annual income, which is up to 36 times the minimum monthly wage, is a welcome measure, as a greater number of low income earners will fall in the non-taxable income bracket.

However, while income in excess of the non-taxable minimum remains to be taxed at rates ranging from 10% to 32%, the thresholds for each tax bracket have altered in favour of the better-off. The highest income tax rate of 32% now applies only to income over MT1,512,000 (http 61), meaning a general tax relief in favour of the middle-class.

The Law comes as a follow up to the PARPA II intention to simplify and redefine the tax system (GdM, 2006: 120). After all, concerning the importance the total tax revenue takes in a PPM regime, it is astonishing that taxation in PARPA II is only dealt with in one paragraph (489).

Certainly, caution is required. The tax should be at a level it does not undermine possible entrepreneurship coming out of the new emerging middle class. It also should be avoided to experience some sort of “revenue flight” of the middle class to neighbouring states with more favourable taxation laws, or deter capital from entering the economy. However, the ultimate goal should be to increase the country’s national savings (and ultimately investment rate) above the current level of tax/GDP ratio of 14%<sup>191</sup> (http 62) (hence, to finance the fiscal policies as outlined above).

On the other hand, Mozambique’s *capital account* remains controlled by the country’s central bank, the Bank of Mozambique (*Banco de Moçambique* (BdM)). While capital inflows are not completely restricted, the bank restricts short term capital that is perceived to cause instability in the financial system (Banda, 2000: 12-13). This is certainly a recommended move in light of the 1997 Asian economic crisis, which was caused by

an unprecedented amount of foreign capital (...) crossing borders into these economies, mostly in the form of portfolio investment (...). This meant that investments were *short term* and easy to liquidate instead of more long term and harder to dispose of quickly” (http 57, italics added from emphasis).

With an increase in speculation this led to a reversal in capital flows:

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<sup>191</sup> The perception in regard to taxation is heavily dependent on the school of thought from which one is arguing. While the Heritage Foundation, who publishes its annual economic freedom index, considers tax/GDP ratios of 14% as “relatively high”, Cornia argues for an increased tax pressure for “the 60 or so developing countries with tax/GDP ratios below 10-12 percent” (2006: 11). Considering the minimal difference between 12% and 14%, it ultimately boils down to perception whether taxation is high, modest or low. The Heritage Foundation certainly argues from an investment climate perspective which should be favourable to domestic and foreign investors. In this thesis I follow the rationale though that in order to conduct much needed fiscal policies and limit foreign dependency, taxation is crucial.

money was now being pulled out of these capital markets. Asian economies now had to pay their short-term liabilities (debits in the current account) as securities were sold off before capital gains could be reaped. Not only did stock market activity suffer, but foreign reserves were depleted, local currencies depreciated and financial crises set in (http 57).

The second notable move by the BdM is its use of controls (such as reducing its reference interest rates<sup>192</sup>) to channel long-term foreign investment into priority sectors, such as the trading sector. As of December 2008, credit distributed to the trading sector constituted 25.6% of the total amount, (SADC Bankers, 2009: 4), as recommended by Cornia (2006: 11). Unfortunately, credit to the agricultural sector decreased by 1.3% from 2007 levels, constituting only 8.1% of the total amount, and labour-intensive manufacturing is hardly targeted (receiving less than 5%) (SADC Bankers, 2009: 4).

Nevertheless, the rationale for not liberalising the capital account is actually close to Cornia's recommendation for PPM. Certainly, as outlined above, the liberalisation of the *current account* offers opportunities to access a global pool of savings, however, from a PPM (and particularly PPG) perspective, it remains to be recommended to "impose control on *capital flows* if they become a danger to economic stability" (Cornia, 2006: 11-12 (*italics added for emphasis*)). This is particularly the case when countries struggle with large foreign debts and many "infant industries"<sup>193</sup>, such as Mozambique.

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<sup>192</sup> In January 2008, the BdM reduced the Standing Lending Facility by 100 basis points to 14.5%, the Standing Deposit Facility by 25 basis points to 10.25%, and reduced the reserve requirements coefficient to 9% in April 2008. The measures aimed to "contribute to the reduction of financial costs incurred by credit institutions, and thus create the necessary environment for the reduction of credit operations interest rates and their alignment with the average coefficient of reserve requirements within the Southern African Development Community (SADC)" (SADC Bankers, 2009: 3)

<sup>193</sup> The high prevalence of infant industries in Mozambique is highlighted by the limited "added value" (or the net output of a sector after adding up all outputs and subtracting intermediate inputs) of mining, manufacturing, electricity, water, and gas. In 2005, the added value was US\$90,743 per capita, ranking it 151/180 in worldwide comparison (against an weighted average of US\$2.3 million per capita (expressed per 1 population)) (http 63).

And indeed, as highlighted by Banda, the capital controls follow the fear that “the little capital available in the country would flow out to South African markets i.e. stock exchange or money markets. There are more lucrative investments opportunities in South Africa than Mozambique” (2000: 14). Hence, until Mozambique’s economy does not build up a certain robustness to withstand the overly competitive market of neighbouring South Africa (infant industry argument<sup>194</sup>), as well as competition on the now global economy, “opening the capital account is out of the question” (Banda, 2000: 14).

The combined policies resulted in an influx of foreign capital<sup>195</sup> that remains relatively high in worldwide comparison, with the country’s net capital account standing at US\$29,210 BoP per US\$1,000 GDP in 2005<sup>196</sup> (ranking it 43/159 countries worldwide (http 64), and resulting in a current account deficit of US\$-639 million in 2005 (http 65)); however, it didn’t infiltrate the economy as to a level of absolute FDI dependency<sup>197</sup> (which would mean, in return, vulnerability).

On the other hand, in light of the limited capital stock available in the country (Stock of money (M1) as of 31 December 2008 was US\$1.36 billion, ranking it 102/163 in worldwide comparison (http 69)), FDIs bring liquidity the country requires (Mozambique’s liquidity ratio in 2008 was 105 (Maasdam, 2009: 7), constituting an

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<sup>194</sup> The *Infant Industry Argument* “refers to an argument in favour of protecting the domestic industries through government backing, help, and intervention” (http 66).

<sup>195</sup> FDI in 2005 stood at US\$107.85 million BoP, against a net capital account of US\$193.85 million BoP (http 67).

<sup>196</sup> It includes “government debt forgiveness, investment grants in cash or in kind by a government entity, and taxes on capital transfers. Also included are migrants’ capital transfers and debt forgiveness and investment grants by nongovernmental entities” (http 68)

<sup>197</sup> Actual FDI in Mozambique almost tripled in 2007 to US\$427 million and increased further to US\$610 million (6.7% of GDP) in 2008. However, “as investment is postponed due to the financial crisis, the FDI inflow is expected to drop significantly in 2009. Despite the lower current account deficit, the FDI inflow is still by no means enough to cover the current account deficit, interest payments and loan repayments. Mozambique is, therefore, already accumulating new debt as it is unable to finance its needs with non-debt creating sources alone” (Maasdam, 2009: 5).

ability to repay short-term creditors out of its total cash (http 70))<sup>198</sup>. Additionally, even though the M1 of Mozambique is low, with a limited amount of investments done in the country, it is almost certain to assume that with a totally liberalised capital account, capital flight to more favourable competing economies, such as South Africa, would be higher.

In other words, judging the role of FDIs and capital inflows for PPM and PPG is, yet again, dependent on whether or not a favourable mix can be found country case specifically: it brings much needed capital for fiscal flexibility, though it also creates dependencies and vulnerabilities. After all, what is crucial is to find funds to nurture industries to a level of sufficient competition on the regional (and global) market, whilst remaining in control of capital entering and leaving the country.

In regards to Mozambique, this means that the weak productive industries (i.e. manufacturing and agriculture) need to be strengthened, and a valid possibility is the gradual/ limited opening to FDIs that possibly brings the much needed capital to these *labour-intensive* industries (aside the option of using targeted ODA channelling to these industries, as proposed in previous chapters). One possible policy at hand for Mozambique is to attach FDIs with some national regulations, such as placing a condition on the “establishment of joint ventures that facilitate technology transfers, require the hiring of national engineers and managers and require a minimum local content of intermediate inputs” (Cornia, 2006: 11-12)<sup>199/200</sup>.

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<sup>198</sup> The positive ratio was mostly due though to debt cancellations under the aforementioned HIPC and MDRI initiatives in 2006 (Maasdam, 2009: 6)

<sup>199</sup> As also demanded by Hanlon and Smart (2008)

<sup>200</sup> Other successful policies opted for by developing countries to control and essentially regulate the influx of capital for making it the most productive comprised the imposition of a “minimum stay requirement” of foreign capital, the imposition of “international capital transactions taxes on inflows varying with the asset maturity”, the limitation of “foreign exchange exposure of domestic banks” by the central bank, or the introduction of “temporary or permanent administrative controls on inflows and outflows”. One of the most important regulation is possibly some incentive setting to direct funding to labour-intensive manufacturing and industries producing tradable goods, whilst imposing “limits on non-trade-related foreign indebtedness of domestic banks” (Cornia, 2006: 12).

In other words, attach FDIs with the condition to nurture entrepreneurship in Mozambique, and basically enhance real opportunity freedoms for ordinary Mozambicans (with this rationale in mind spending into the social sectors education and health becomes a *pro-poor imperative* in order to provide investors with a skilled domestic labour force (or in the CA terminology, the intrinsic value of education and health has instrumental value for the *substantive* human freedom of having an ensured livelihood)).

In Mozambique, what is certainly positive is that some administrative capital *controls* are in place to monitor inflows and outflows. According to the World Bank's 2003 Pilot Investment Climate Assessment, foreign companies are required to formally register their activities, register with the tax department, apply to open a bank account, and begin applications for social security purposes, including applications for residency, work, and import permits (Nasir et al., 2003). The *Centro de Promoção Investimentos* (CPI)<sup>201</sup> facilitates foreign investors with the process, and operations cannot commence before an approval process leads successfully to the issuing of a licence. The provisional governors have approval authority for investments under US\$100,000, and the Ministry of Planning and Finance for investments between US\$100,000 and US\$100 million. The Council of Ministers must review investments over US\$100 million and those involving large tracts of land, that is, 5000 hectares for agriculture, and 10,000 hectares for livestock or forestry projects. Investments are considered approved if the relevant

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<sup>201</sup> The webpage of the CPI (<http://www.mozambique.mz/economia/cpi>) was unfortunately not accessible as of April 2010 (and in due course of the whole research process for this thesis). I had to consult with secondary sources (World Bank and the OECD) to gain insight in the country's capital controls, legislations and regulations.

ministries and councils (the latter for large projects) do not raise objections within 10 to 17 working days<sup>202</sup> (OECD, 2005: 32).

In order to repatriate capital or profits, companies need to register the transactions through the CPI, and present audited accounts, with repatriation certificates to be issued upon approval by the BdM (OECD, 2005: 32). And in regards to land use (an important issue on the African continent), land can only be leased by investors, not sold to or mortgaged (as manifested in Article 46 of Mozambique's constitution (OECD, 2005: 33)).

The administrative requirements have been criticised by several liberal think tanks, such as the Heritage Foundation, as “burdensome” (http 62). PARPA II also identified “administrative barriers to the pursuit of economic activities (...) as the most serious constraint on private sector development”, wherefore it set out to “simplify procedures for licensing commercial, industrial, and tourism-related activities, and other activities, in light of public sector reform” (2006: 124, par. 496).

However, despite the acknowledged necessity to speed up the process of licensing<sup>203</sup>, having these controls (or “restrictions”, as labelled within the aforementioned OECD study (2005)) is of the necessities for Sen's *protective security* under a PPM regime almost an PPG imperative.

And further, despite the administrative controls on capital that enters and exits the country, FDI (and capital at large) is actually *mostly liberalised from strict regulations* attached to them which would, in theory, help nurturing local entrepreneurship (which basically determines its usefulness for PPG). Certainly, tax

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<sup>202</sup> What is problematic is that the CPI does not deal with foreign investments lower than US\$50,000. This means that “small foreign investors are de facto ineligible for subsidies” (OECD, 2005: 33). This is certainly a problematic point in need for revision.

<sup>203</sup> According to the World Bank's Foreign Investment Advisory Services, it usually takes 153 days for a foreign entrepreneur to obtain the 14 different permits to start its business in Mozambique. In addition, it apparently takes 90 days and the cost of US\$400 to obtain a working permit in Mozambique (cited in OECD, 2005: 32 (fn. 121); 34 (fn. 130)).



advantages are granted to construction companies when the majority is owned by Mozambican individuals (OECD, 2005: 33). And by labour legislation the number of foreign members of statutory boards is restricted by quota (that is, 60% for the first two years, 40% for the third to fifth; 20% for the sixth to tenth year, and 10% from the eleventh year onward (OECD, 2005: 33)).

Despite of this however, capital remains largely non-attached to ratios on local hiring; further, Mozambican legislation does not reserve economic activities exclusively for nationals (OECD, 2005: 33), neither are requirements in place on a minimum content of intermediate inputs, or on technology transfers (OECD, 2005: 34); no necessities exist for foreign investors to establish joint ventures with local partners, neither is a minimum stay for investments required (a point which is at the heart of Hanlon and Smart's criticism at the overly supply-driven agenda of PARPA, resulting in their proposition to focus development interventions onto all four steps of the economic whole-value with a *long-term* life-span (at least 10 to 15 years, as opposed to the operation cycles of domestic and foreign investors which are usually short lived and hence, unsustainable (Hanlon and Smart, 2008)). Most importantly, there are no incentive settings to redirect investment to *labour-intensive* manufacturing and the productive industries<sup>204</sup>.

This has certainly to do with PARPA II. The document is not lining out any regulations on capital; to the contrary, it even pursues the reduction of administrative barriers (that is, controls) to the pursuit of economic activities to attract domestic and foreign investment (GdM, 2006: 122-123, par. 496). In addition, it does not address the possible creating and stimulating role of the BdM on Mozambique's domestic banks as

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<sup>204</sup> Interestingly, the few pro-poor regulations on capital in place, such as the tax advantages, have been labelled "discriminatory" by the aforementioned OECD study against foreign investors (2005: 33).

well, in order to stipulate incentives for channelling funding flows to the trading sectors.

Such policies could include, among others,

to forbid domestic banks to borrow abroad to invest in the non-traded sector, limit foreign ownership in sectors such as real estate, require commercial banks to allocate a share of their lending to the agricultural sector and SME (...) and set up loan guarantees to these sectors (Cornia, 2006: 12)

Mozambican legislation does not impose any such policy. It does not limit foreign ownership of companies, or restricts formally foreign participation in privatisation, or management control over privatised companies. Shares can be traded freely to local or foreign nationals (OECD, 2005: 32), without any requirements on lending to the productive sectors.

This certainly constitutes a missed opportunity in PAPRA II. While it is not in doubt that no blueprint of controls and regulations can exist for universal application for each low-income economy, it is, nevertheless apparent, that controls “constitute a deterrent against massive shifts in financial assets” (Cornia, 2006: 12). This basically means, controls of capital inflows are investments in *protective security*, Sen’s fifth instrumental freedom. Hence, they are tantamount within the capabilities framework, and an absence of them constitutes some real opportunity deprivations for Mozambicans. Mozambique’s capital account controls should be kept in place as long as they are needed to protect and stimulate its infant industries (Cornia, 2006: 12), and should not, as proposed by PARPA II and other liberal think tanks, be reduced. Improving *bureaucratic efficiency* is certainly important though.

And in order to nurture and harness with the available capital as much PPG as possible, it should also be considered to attach more far-reaching regulations than currently in place (tax advantages) on domestic and foreign investments for sectoral allocation, such as those outlined above. From a linguistic-semantic point it is further

advisable to stop labelling these regulations “discriminatory practices” against FDIs, as occurred in the OECD study (2005: 33). After-all, without certain regulations for *pro-poor targeting* it can be doubted that domestic and particularly foreign investments will be able to live up to their full possible potential to enhance real opportunity freedoms (especially economic facilities) for those Mozambicans in most need of them.

### *Trade regime*

So far, PARPA’s monetarist tendency has been criticised as rather non-beneficial for achieving PPG. The document’s second alignment is its liberal standpoint in regards to its trade regime. As highlighted by Cornia, PPM for PPG requires some protective security for the productive industries of tradable goods, through “trade liberalization that avoids a collapse of the import competing sectors, while quickly removing any anti-export sector bias” (Cornia, 2006: 11). This is a well-known argument under the infant industry logic. However, the free trade regime is on the march in Mozambique.

Mozambique is a member of the World Trade Organization (WTO) since 1995 and the Southern African Development Community (SADC), the latter a regional trading agreement among 14 countries in southern Africa designed to lower barriers between member countries<sup>205</sup>. As part of the structural adjustment reforms, Mozambique simplified its tariff structures and applies an average tariff of 10.37% in 2008 ([http 72](#)). Mozambique has some of the lowest import duties in southern Africa ([http 73](#)).

As can be seen in Appendix 9, of the 5202 items on Mozambique’s total customs list, only 33.37% are categorized within the 15-20% duty range (which at the same time

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<sup>205</sup> Angola, Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia, Zimbabwe, South Africa, Seychelles (Madagascar has been suspended from the SADC following the *coup d’état* led by Andry Rajoelina in 2009 ([http 71](#)))

constitute the maximum range). In comparison, while of South Africa's 6468 items 55.86% are duty free, 20.21% remain to be ranged within the 15-20% duty bound *and above* (http 72).

Additionally, in December 2008, the AR approved unanimously a government bill amending the customs tariff list, so that it reflects both the SADC free trade area, and the Economic Partnership Agreement (EPA) negotiated with the European Union.

Henceforth, in exchange for duty and quota free access for Mozambican goods to the European market, Mozambique radically dismantled its custom barriers. European goods in 2,125 categories on Mozambique's customs list were downrated to zero. Previously, 497 paid 20% duty, 679 paid 7.5%, 507 paid 5%, and 292 paid 2.5%. Up to this decision, only 150 categorical goods were duty free (http 74)<sup>206</sup>.

While an increased quota free access for Mozambican goods to European and South African markets is to be welcomed from a PPG perspective, the new (and overall) policy alignment has also some negative effects: firstly, while access to the South African market remains burdensome for approx. 45% of products on South Africa's customs list, Mozambican producers have to compete against more competitive European (and southern African) producers entering more easily the Mozambican market.

Secondly, the weight of custom duties in the Mozambican state budget remains falling. As of 2009, taxes on foreign trade amounted only to 1.3% of Mozambique's GDP (down from 2% in 2002 (http 74)). Hence, it is a declining source of state income that is essential for fiscal manoeuvring.

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<sup>206</sup> As of May 2010, the webpage of the WTO does not account for the amendments of the customs list. Latest available data for Mozambique is for 2008.

And thirdly, the new policy decision is also likely of having a possibly widening effect on the Terms of Trade imbalance, which, as of 2008, stood at 119 against the base year 2000<sup>207</sup> (World Bank, 2009: 2).

#### *Exchange rate regime*

In Mozambique, the economy is based official on the domestic currency, the metical. However, with the high availability of the South African *rand* and the US *dollar*, prices are determined by the exchange rate. A fallen or depreciated exchange rate means that imported goods are more expensive but it also means exporting domestic products becomes easier because the products are cheaper in dollars. With a rising or appreciated exchange rate, importing becomes cheaper but exporting turns more expansive (Hanlon and Smart, 2008: 149).

In this climate, choosing an exchange rate that is pro-poor is challenging. In general terms, policymakers can either choose a pegged (or fixed) exchange rate in order to maintain price stability and to protect their currency against speculative attacks of currency traders; or a fully flexible exchange rate, in order to maintain international trade competitiveness (Kaltenbrunner and Nissanke, 2009: 1). Concerning the particularities of Mozambique, having a “competitive *and* stable real exchange rate encouraging investments in the labour-intensive tradable sector” (Cornia, 2006: 10 (italics added for emphasis)) is possibly the best option for achieving PPG. Adopting an *intermediate* exchange rate, one that is neither totally fixed nor openly floated, to ensure both price stability (and protection), as well as flexibility, is possibly the most advisable policy move forward to this end.

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<sup>207</sup> In 2008, total exports (fob) amounted to US\$2.65 billion (mostly cashew nuts, rash cashew and cashew oil, prawns and manufactures), against total imports (cif) of US\$3.8 billion (mostly food, fuel and energy and capital goods) (World Bank, 2009: 2).

As for Mozambique, the country adopted a floating exchange rate system. It followed the logic of the early 2000s that a floating exchange rate combined with inflation-targeting monetary policy would ensure monetary stability without having to rely on exchange-rate stabilization (Kaltenbrunner and Nissanke, 2009: 1). As a result, between 2002 and 2008 the metical stood between MT24 and MT26 to the US\$. In 2005, the latest year for comparable data on worldwide exchange rates, Mozambique had the second highest (http 75). Since late 2008 however, the metical has been steadily devalued against the dollar by about 10% per year. As of late April 2010, the exchange rate was MT34,2 to US\$1 (Hanlon, 2010b), by the end of July it was MT35,5 to US\$1 (Hanlon, 2010f), and, following an interim high of MT40 to US\$1 in the autumn (which was due to the donor strike which caused a delay in the release of the state support money) it lowered to MT34 to US\$1 by mid-December 2010 (Hanlon, 2010g).

The rise in the exchange rate has to be monitored closely. While the devaluation makes importing more expensive, it encourages exporting as it is cheaper. While this can help to reduce the current account deficit and may be seen as a precautionary step to avoid Dutch disease (a tangible danger in light of the Terms-of-trade imbalance with an imports surplus (please see trend in chart 1), it may on the other hand cause inflation (which, in turn, will be countered by raising the interest rates). However, as shall be seen in the next sub point, inflation levels in Mozambique are at an ever low level, and a controlled rise of it is a justifiable option within a PPG regime. In sum therefore, the devaluation of the metical makes sense in order to strengthen the domestic productive sectors.

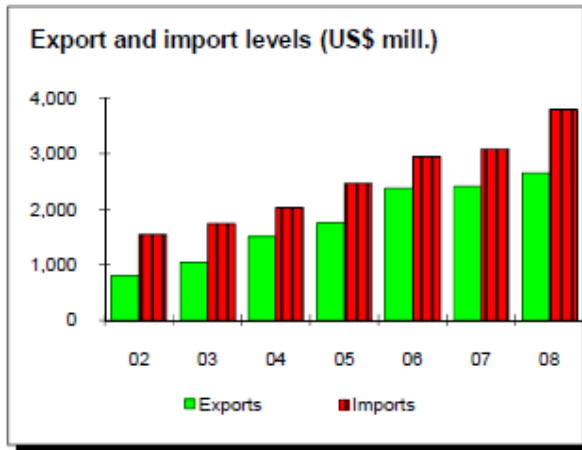


Chart 1: Export versus Import levels in US\$ million between 2002 and 2008 (World Bank, 2009: 2)

In addition however, to ensure price stability while favouring the tradable sectors, it would be advisable to further over work the exchange rate regime. That is, because the tangible danger of devaluation is that it risks regional price stability. Neighbouring countries within the SADC region may choose to devalue their own currencies to offset the effects of Mozambique’s devaluation. This “beggar thy neighbour” policy needs to be avoided by establishing an intermediate exchange rate regime.

As Mozambique has adopted some form of capital inflow management, it would make additional sense to adopt an intermediate exchange rate for a moving target band regime known as the BBC regime. It combines elements of a *basket* of currencies (such as of those available in the region), a target *band* system and a *crawling* peg, so that “both the central reference rate and the width of the band are adjusted in light of changing macroeconomic fundamentals” (Kaltenbrunner and Nissanke, 2009: 1). It would allow for both, market flexibility and price stability.

In concrete terms, this means fixing the central parity at a competitive level of approx. 70% of the purchasing power parity exchange rate (PPP), allow it to fluctuate within a given band to neutralize small shocks, and devalue the central parity in case of

large inflation differentials within the basket reference countries (such as within the member states of the SADC), so as to leave the real exchange rate within the region unaltered (Cornia, 2006: 13). This shall ensure some form of regional stability and the avoidance of “beggar thy neighbour” policies.

Certainly, with Mozambique’s low trade/GDP ratio, having a competitive exchange rate is possibly not the most important policy option for achieving PPG. The rationale of choosing devaluation to boost aggregate demand and to stimulate labour creation as a convenient alternative over often unpopular fiscal spending policies should not be followed. For Cornia, “an expansion of domestic components of aggregate demand driven by fiscal policy” (2006: 13) is the way forward when dealing with a low output country such as Mozambique. This is a point analysed at length in this chapter. Focussing on domestic market and demand creation through prudent fiscal manoeuvring is hence a policy priority for PPG in Mozambique, even more so than a competitive exchange rate setting.

#### *Monetary policy and inflation targeting*

To keep inflation low stands at the heart of the monetarist school of thought.

That is, because it is believed that inflation

is costly as it changes relative prices - and so reduces the informational power of the price system, erodes profits and wages, raises uncertainty and discourages investments, and affects the poor the most (...). High inflation can have perverse monetary effects: it reduces real money supply and raises the interest rate, induces a contraction of output and a fall in tax revenue and, in extreme cases, leads to currency substitution and dollarization (...). If the capital account is open, even comparatively small inflation differentials may cause capital flights (Cornia, 2006: 19).

It is of these reasons that low inflation targeting below a rate of 10% is usually aimed at, and Mozambique is no exception to this. Inflation fluctuated between 7% and



13% since the beginning of 2000 (Maasdam, 2009: 4), and fell to the all-time low rate of 3.3% in 2009 (the lowest recorded in 10 years, as measured by the monthly Maputo Consumer Price Index) (http 76). And in the government's programme for the 2010-2014 period, presented to Mozambique's AR on 30 March 2010, it is ambitioned to keep inflation within a range of 4% to 6% (http 28)<sup>208/209</sup>.

However, what is problematic with an overly focus on inflation targeting is that the usual policies applied for this end have been identified in this thesis as particularly *non pro-poor*: raising the interest rates and restrict credit (Cornia, 2006: 19)<sup>210</sup>. In regards to Mozambique, capital flight as a result of open capital accounts is rather non-problematic, as controls are in place to avoid that. However, interest rates do remain high (18.31% (31 December 2008), 15.68% (31 December 2009)) and access to credit has been identified as one of the biggest problems for ordinary Mozambicans. Hence, achieving low inflation levels came with a price, namely the denial of some real opportunity provisions for ordinary Mozambicans to achieve a livelihood (in detail, the reduction of investment demand, market demand, and the non-creation of formal employment, particularly in the agricultural sector. A policy of high interest rates leads further to a widening of monetary inequality, as observed in Mozambique (see

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<sup>208</sup> This has to be compared to the year on year inflation. Inflation on 30 June 2010 compared to 1 July 2009 in Maputo was 14.5%, compared to only 2.6% for July 2009 to June 2008 (according to the *Instituto Nacional de Estatística*). This reflects both the aforementioned devaluation of the meticaïs against the US\$, as well as the rapid rise in fuel prices that year. This forced the government to subsidise fuel in the realm of approx. US\$200 million for the whole of 2010, or 2% of Mozambique's GDP (Hanlon, 2010f).

<sup>209</sup> Please note that due to the donor strike, which delayed the release of state budget support money, inflation from January to August 2010 was 17%, which explains the estimated inflation rate for 2010 of 13.5% (http 20). In due course the BdM responded by setting its key interest rate at 15.5%, which resulted in the fall of prices in September and October 2010, and the lowering of the inflation rate to 15%. This has two consequences: the government has had to revise its target for the average monthly inflation rate over the year within a range of 9.5% to 12.7% (Hanlon, 2010g); and secondly, the high interest rate, though positive to counter inflation, is likely to hamper the development of the productive sectors, a rationale as outlined under keyword *Fiscal Policies*.

<sup>210</sup> Which were certainly justifiable as a short-term intervention to encounter the severe circumstances of September 2010 (food price explosions which resulted in violent riots in Maputo (http 107)). The criticism raised here is rather a general one.

preliminary TIA 2008 results), as it “increases the concentration of financial wealth in the hands of the holders of financial assets” (Cornia, 2006: 19)).

For Mozambique, in order to achieve PPM for PPG it would be perfectly justifiable to lax the inflation target from a single digit to a double digit percentage, that is, one between 10-15% (as actually observable under the current circumstances forced upon the government). This is particularly justifiable since the IMF now accepts an optimal inflation of being 2-3% in industrialised countries, while it is 10-15% in developing countries (Cornia, 2006: 19). Concrete monetary policies would include the lowering of the real interest rate by the BdM to a level of 3-5%<sup>211</sup> whilst accommodating the money supply<sup>212</sup> (Mozambique’s broad money supply M3 stood at MZN80.7 billion in 2008 (US\$33.4 billion), 20.3% of GDP (SADC Bankers, 2009: 3)). Lowering the interest rate is justifiable, as it would help contain “cost-push inflation”<sup>213</sup> (Cornia, 2006: 20), whilst not undermining investment demand for formal employment creation and GDP growth rates (the latter important to further increase the tax revenue for fiscal manoeuvring). This policy move would be also compatible with a possible intermediate exchange regime adoption.

A second policy move would be to expand credit, through the creation of a development bank, as proposed for instance by Hanlon and Smart (2008). Creating such a centralised instrument would be particularly important in order to eliminate the segmentation of the credit market that ultimately reduces access to credit by SMEs, and which makes available access to credit unsustainable (Cornia, 2006: 20).

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<sup>211</sup> Following its justifiable setting at 15.5% in late summer 2010 in order to encounter inflation.

<sup>212</sup> Which should be perfectly possible with a controlled capital account such as in Mozambique

<sup>213</sup> Other microeconomic policies to limit inflation would be to keep the metical strong against the US Dollar and the South African rand, hence remain containing the infiltration of foreign currencies of Mozambique’s economy. Having achieved that resulted in the low inflation rate in 2009 (SADC Bankers, 2009: 3)

*Protective security – stabilization funds, international and domestic social safety nets*

The discussed measures to achieve macroeconomic stability are certainly insufficient to guarantee full risk avoidance. Many factors may have adverse impacts on fragile economies such as Mozambique's. These include climatic instabilities, like the reoccurring floods in central Mozambique; others are the large fluctuations in the demand and prices of the commodity exporting sector. As capital markets follow a pro-cyclical pattern, they leave people vulnerable to shortcomings in non-favourable years (in regards to poverty this is particularly troublesome for consumption cycles).

In order to counter these adverse effects and guarantee protective security (Sen's fifth instrumental freedom), it is advised to limit the impact of shocks by being prepared with stabilization funds and contingency rules that are set *ex ante* by law to administer the funds. In other words, "set aside resources during periods of high demand and prices of the exported commodities and release them in crisis years" (Cornia, 2006: 13). This neo-Keynesian anti-cyclical expenditure pattern should help reduce inflationary pressures that inevitably arise from the non-trading sector during "boom years" (Cornia, 2006: 13-14); and it should avoid large public expenditure cuts during crisis years that burden the impoverished population even more so than it already has to endure during "boom years" (which for a developing country such as Mozambique is nonetheless a time of hardship).

Certainly, for a country such as Mozambique which exports less valuable commodities like cashew nuts or sugarcane, stabilization funds seem unrealistic; and indeed, Mozambique does not have one in place. This adds importance to the demand to invest in the productive sectors, and particularly into value-adding processing. To have any real impact, "funds must count on large endowments generated by a commodity for which there is substantial demand in world markets during normal times" (Cornia,

2006: 14). Aluminium and timber are those exports of Mozambique for which this would be the case. In sum however, stabilization through discretionary anti-cyclical expenditure should be considered a valuable alternative to the usual austerity programmes prescribed by the monetarist school of thought during crisis years. If funds are not set in place, allowing for the budget deficit to rise and allowing for some foreign indebtedness should not be entirely ruled out *a priori*.

Establishing in addition international and domestic safety nets will help to increase people's real opportunities freedom, as it literally addresses Sen's fifth instrumental freedom. International safety nets to protect vulnerable countries such as Mozambique against exogenous shocks could include "insurance-based, aid-based and international tax-based global mechanisms", such as derivatives that "transfer a given risk to others in exchange for an initial payment", insurances "against global risks (...) built into systems of aid provision that explicitly counteracts adverse cyclical shocks of international origin", and an institution of "earmarked international taxes on activities that cause global negative externalities, such as short-term portfolio flows and carbon emissions" (Cornia, 2006: 14-15). As of May 2010, interest-based lobbying and various political considerations have largely caused the absence of such safety mechanisms. This constitutes a capability deprivation for practically all Mozambicans.

This stands in contrast however to some favourable domestic safety nets in place in Mozambique. Mozambique has a progressive minimum wage system, which, as of 01 April 2010, has been overworked and rationed into nine different categories. These range from US\$44,5 in the agro industry to US\$80 in the financial sector ([http 77](#)). Certainly, with the little formal employment ratio this has a limited effect on the most impoverished population in rural Mozambique; however, aside of providing a secure

income for people working in these sectors, it also helps keeping consumer spending alive.

Yet, on other social protection fronts room for improvements remain. Certainly, the aforementioned National Institute of Social Welfare runs various programmes in 30 offices throughout the country to support vulnerable population groups during times of hardship, such as food assistance for people without the capacity to work that includes targeting the elderly, handicapped, and the chronically ill. The Institute's food programme for instance targeted more than 143,000 beneficiaries in 2008 (up from 112,977 in 2007), handing out about US\$3 per month as a form of support to help these people buy basics such as sugar (http 78). Additionally, the Social Benefits for Work programme had a target rise from 5,275 in 2007 to 6,059 in 2008; and the Ministry's income generation programmes from 5,284 in 2007 to 7,350 in 2008. Those benefiting from Direct Social Support rose from 18,985 to 24,224. Yet food subsidy remains very small, rising solemnly from between a MT70 and MT140 in 2007, to between MT100 and MT300 a month in 2008 (approx. US\$11,3), depending on the size of the household (http 79). This low level is in light of increasing food prices worrisome indeed.

However, not only do these programmes still have room for expansion, other options for social targeting have been left mostly untouched, such as far reaching conditional and direct cash transfers, public works projects, infrastructure and key productive investments, *inter alia* (Cornia, 2006: 18). This is a point criticised as well by an IESE<sup>214</sup> study on social protection from 2009, which found that, due to Mozambique's colonial experience of being an "extractive rather than protective state", many obstacles still remain that inhibit the establishment of a coherent and comprehensive social protection approach. These include:

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<sup>214</sup> *Instituto de Estudos Sociais e Económicos*

analytical limitations around the causes, consequences and extent of vulnerability as well as the potential social and economic benefits of social protection; institutional barriers; budgetary limitations; and perceived political risk (Waterhouse and Lauriciano, 2009: 2).

To conclude thereby, social protection and resilience investments ought to be policy priorities which require active attention, both from a capabilities perspective, and from a PPG standpoint. The timing of the interventions is crucial here. As the Mozambican government has chosen a devaluation-based adjustment approach to boost aggregate demand, the drop in income for the poor needs to be targeted in a timely manner (through immediate compensatory and conditional cash transfers), in order to avoid people entering into the poverty trap, and subsequently chronic forms of poverty. Accommodating investments in health and education are of additional importance, such in form of school feeding programs and child immunizations.

### **3.1.3.9 *Relatório de Avaliação do Impacto* (RAI): PARPA II Impact evaluation**

In this thesis poverty is evaluated within the capabilities framework, and particularly for the economic functioning of achieving a livelihood, from a PPM regime. The results strongly suggest that PARPA II is not creating the kind of opportunities people need to live the life they value, particularly in the economic realm. This assessment is in line with the results of a recent evaluation of PARPA II. In late 2009, Mozambique's government and donors were evaluating the impact of PARPA II for their Impact Evaluation Report (*Relatório de Avaliação do Impacto*, RAI). What was found is that

PARPA II failed to increase agricultural production and productivity and thus reduce poverty. (...). Poverty reduction strategy plans should promote agro-processing and diversification of both off-farm activities and crops. In order to increase agricultural productivity, access to improved agricultural technologies should be increased and more investments should be made in irrigation and water conservation technologies (Cunguara, Kelly, 2009a: 1).

In terms of increasing rural income it concluded that

The PARPA II outlined policies in various development areas to enhance farmers' incomes, such as the promotion of self-employment and expansion of the private sector, infrastructure, and increase in agricultural productivity. The results suggest that PARPA II failed to enhance farmers' incomes, and that in rural areas poverty headcount may have remained fairly constant. The results also show that diversification of income sources is an important strategy to reduce poverty. Poor households, however, appear to be squeezed into low paid activities which confer them lower wage incomes, while wealthier households enjoy the benefits conferred by high return off-farm activities. Moreover, poverty has spatial, demographic, occupational, and asset holding dimensions (Cunguara, Kelly, 2009b: 1).

Hence, the policies that have been crafted in PARPA II following the monetarist and neo-liberal macroeconomic school of thought were missing to have a real impact on increasing real opportunities for Mozambicans to take advantage of. Certainly, what can be argued is that a competitive economic model with a strong private sector element is an option in a mixed economy of countries at an advanced economic development stage.

However, considering the low economic and human development level Mozambique is embarking from, the empirical evidence of RAI strongly suggests that an interventionist development state with a creating hand of domestic markets and demand stimulus appears rather more appropriate for this stage in time. Especially in light of the little cash income people have to actually create demand, which can be identified as the "largest single contributor to economic growth" (Vollmer, 2010a: 350), it appears logically coherent to follow a macroeconomic theory which is at least as much demand as it is supply driven, such as neo-Keynesian economics broadly speaking.

The empirical evidence seems also to hit a current nerve in the post 2009 financial and economic crisis literature on development economics. Vos, for instance, criticises the "myth of the self-regulating market" and vows the "pioneers of the post-

1945 mixed economy” (2010: 146). For this to work though, it requires a functional state apparatus, which will be the analytical focus of chapter 3.2/Part II, “political poverty”.

### **3.1.3.10 Economic Poverty: a summary**

The CMI has described the current development paradigm in Mozambique basically “as neo-liberal, based on the notion that broad-based economic development will “trickle down” to the poor and that support to social sectors (education and health) will improve their options to relate constructively to that development” (Tvedten et al., 2009a: 2). As worked out in this chapter, whether following an evaluative focus on capabilities, or is analysing the PPM regime for PPG, this approach is too limited. It fails to explicitly support and nurture the *productive sectors* of industry, agriculture, forestry, fishing, mineral mining, construction, and manufacturing in a country such as Mozambique.

The main structural problem of Mozambique is certainly the nature of poverty prevalence in the country. Most impoverished Mozambicans live in barely tapped rural areas, and are depending largely on subsistence farming and the informal economy. Achieving PPG is complicated by a lack of market availability, education and health of the people, and the integration with modern sector activities (Cornia, 2006: 20). A PPM regime for PPG suggests “to better integrate such sectors into the overall economy, while avoiding the instability that could be associated with growing economic integration” (Cornia, 2006: 21). As already hinted at in subpoint 2.5/Part II, this can be achieved with the adoption of prudent *public expenditure policies*, that focuses on the development of “public infrastructure in the field of transport, communication and energy” and a *proactive tax and incentive policy*, in order to mobilize investments for



formal job and commercial agribusiness creation (Cornia, 2006: 20-21); by far-reaching direct cash transfers to stimulate market demand, and a sharp expansion of labour-intensive public work projects, such as road and irrigation system building (Hanlon and Smart, 2008: 155-157); and by the “reintroduction of some type of marketing boards” to ensure fair prices of produced goods and guaranteed markets (Tvedten et.al, 2009b: 4).

In other words, it requires some real opportunity creations for Mozambicans. For a country with abundant available land it is particularly incomprehensible that arable land and permanent crops constitute only 5.72% of total land use (<http> 20). Therefore, with most Mozambicans living from the agricultural sector in one way or another, the role of agribusiness/-industry for reducing poverty cannot continue being merely half-heartedly addressed. Any sustainable development plan worth considering has to place an active focus on the country’s agro-ecological zones, which has to be embedded in a multidimensional strategy such as offered by the capabilities logic.

Hence, in the crafting of PARPA III, it should be advocated for to finally finish the shift from a market-led development model to the adoption of broad based *supported strategies* under *neo-Keynesian economics*. This shift has actually been initiated in the post-Washington consensus period with the incorporation of social sector targeting in PARPA II, but needs to be completed by nurturing the country’s (mostly infant) productive sectors as well (Vollmer, 2011b). The actual base for this shift is prudent political work, which will form the analytical focus of the next subpoint.

### **3.2 Political Poverty**

From the analysis of economic poverty in Mozambique it becomes apparent that for Sen’s Capability Approach to work, the role of the state is *momentous* (be it, as outlined, for market interventions, such as monetary and fiscal policies to control the

capital account, to direct investment flows towards productive sectors, and so forth). This is particularly important concerning that for accelerating economic growth and job creation it can be either through a market-driven approach or one that adopts support-led strategies, as outlined at lengths in the first part of this thesis. To ensure PPG and job creation, the role of the state remains crucial, as human development is an objective that has to be actively pursued rather than one that “trickles down”.

Whereas a market-driven (thus competitive approach) is as an option which can be opted for in advanced economies (with an insurance of some form of protective security nonetheless), a collaborative support-led strategy might be the one best adopted when dealing with low income and low human development countries, such as Mozambique.

This is an argument worth taking seriously. That is, because whether one conducts a human development and capability analysis (Amartya Sen), theorises from a neo-Keynesian “value chain” model (Hanlon and Smart), applies moral philosophical reasoning (neo-Aristotelian essentialism, Martha Nussbaum), is empirically comparing the historical development path taken of now industrialised countries of the northern hemisphere, or newly developed countries of eastern Asia (Ha-Joon Chang; Joseph Stiglitz), or is analysing PPM for PPG (Cornia), it appears that all arrive at this (or at least at a very similar) conclusion.

Certainly, this does not necessitate perceiving *competition* as such as something that has to be avoided at all costs. The CA does not condemn competition from the development field, because once equality in the capability space is ensured people still have to compete in order to live out their full agency freedom. However, the challenge in a “mixed economy” is to strike a fine balance between a competitive incentive setting vis-à-vis the provision of ensured forms of protective security. If the panel swings too

much in either side, human development will not be achieved, as the former puts lives on risk whereas the latter is killing incentives to strive for positive change and progress, thus undermining agency. Dangers it entails are low progress on research and development of new technologies, a blown up public sector, rent-seeking and nepotism, massive forms of social exclusions, and most possibly, hyper-inflations due to irresponsible monetary policies. Hence, the crucial question for low developed countries such as Mozambique is in which *domains* competition is expedient.

As outlined at lengths in *Poverty and Famines* (1981) and *Hunger and Public Action* (1989), Sen and Drèze identified the proper functioning of democratic governments, who face elections and criticisms from opposition parties and an independent press, as utterly crucial to prevent hunger, malnutrition, and famines. Thus, in countries with a high human poverty rate such as Mozambique, *competition* should enter the *political sphere*.

### **3.2.1 One party rule in a multi-party state**

Yet, the biggest problem in Mozambique is the one-party rule of FRELIMO in a country which ought to be a multiparty state. Mozambique is a presidential representative democratic republic. Its current constitution was adopted in 2004, and entered into force the day after the validation and proclamation of the 2004 General election results ([http 80](#)). Ever since Mozambique's first free democratic elections in more than two decades in 1994, FRELIMO is consecutively in power by voters' choice, also being able to win the elections in 1999, 2004 and 2009.

At Mozambique's latest presidential, legislative and provincial assembly elections in October 2009, FRELIMO was able to attract most votes for their candidate, Armando Guebuza, in the presidential election. He gained 75% (2,974,627) of the votes,

whereas RENAMO's candidate Afonso Dhlakama only secured 16.4% (650,679). The third serious candidate, the Mayor of the city *Beira* Daviz Simango (founder of the Democratic Movement of Mozambique (*Movimento Democrático de Moçambique* (MDM)), a party which he founded on March 6, 2009, after breaking with RENAMO, gained 8.6% (340,579) of the votes (http 81).

In the parliamentary election, FRELIMO gained 74.7% of the votes (2,907,335), whereas RENAMO could merely gain 17.7% (688,782). The MDM gained 3.9% (152,836) of the votes (other 3.7%) (http 81). Of the 250 seats in Mozambique's AR, FRELIMO holds 191, RENAMO 51, and MDM 8. FRELIMO has a majority of seats in every province except *Sofala*, where it holds 10 seats and the combined opposition holds the same (http 81).

The president appoints the president and vice-president of the highest tribunal in charge of administering the civil/criminal system, the Supreme Court (*Tribunal Supremo*)<sup>215</sup>. Supreme Court nominations initially are prepared by the Higher Judicial Magistrate's Council (CSMJ), the body responsible for overseeing professional behaviour among magistrates. CSMJ members are elected by their peers, 4 are elected by the National Assembly, and 2 are appointed by the President (http 82).

The 2009 elections resulted in FRELIMO dominating "the assembly to an unprecedented extent", the Financial Times writes (http 83). Its democratic power peaked partly because RENAMO is such a weak opposition party, which clearly appears to lack attractiveness as for being perceived a serious alternative to the people (Hanlon and Smart, 2008: 94-96). Whereas over 2 million Mozambicans opt to vote for RENAMO in the 1999 parliamentary elections, this declined to 905,000 in 2004, and to 688,782 in 2009. What is problematic here is that predominant party states tend to

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<sup>215</sup> Other courts include an Administrative Court, Constitutional Court, customs courts, maritime courts, courts marshal, labour courts (http 20)

develop autocratic tendencies, particularly in young democracies. And indeed, as one FRELIMO party official puts it in an interview for the Financial Times: “Too strong power isn’t that good” (http 83).

Although previous elections have been labelled fair by EU observer missions, the 2009 elections have gained some criticism (a detailed analysis of the 2009 EU observer mission will follow in chapter 3.3/Part II, for the analysis of social poverty). In detail, aside of accusations of vote rigging and a lack of transparency, the biggest problem and sign for a serious gap in the democratic space, was the stopping of the MDM from contesting polls in 9 of the 13 voting constituencies by the National Election Commission (*Comissão Nacional de Eleições*) (http 83).

This resulted in the aforementioned “Donor Strike” of the G19 (the PAPs). Aid disbursements in form of budget support were put on hold from December 2009 until 18 March 2010 (Hanlon, 2010d). Donors demanded “promises from government for action this year on electoral reform, corruption and conflict of interest, and on the growing role of the Frelimo party inside the state apparatus” (Hanlon, 2010c). The government was only able to appease the donors by agreeing to give the new party’s MPs “powers to initiate legislation and sit on legislative committees” (http 83).

In addition to this problematic, for most donors it also became worrisome in which way

senior leaders of Frelimo control the state machinery and have become directly involved in private business. Tolerance or complicity in such high-level corruption makes it more difficult to develop transparent and accountable administration and directly contributes to petty corruption by members of the civil service and police force (http 83).

In a cultural climate in which autocracy and the cult of personality and authoritarianism is widespread (http 83), a one-party rule is certainly dangerous. To quote one more time the aforementioned FRELIMO party official: “People tend to say,

‘don’t forget the boss is the boss’. There has been a tendency to short circuit discussions” (http 83). Into the same vein goes the criticism of former FRELIMO freedom fighter and Information Minister Jorge Rebelo, who became very critical of the current autocratic tendencies within the party he once helped to form:

Within the party “analysis has atrophied, leaving us accepting everything that is given to us as certain, incontrovertible, and not to be discussed. Accepting everything is equivalent to bootlicking, which is one of the great ills of our society, where people try to please the boss (*chefe*) with all possible artifices. (...) When I speak of bootlicking, it is precisely trying to please the leaders by avoiding criticising anything. This is why there is an instruction to always present everything positively, while avoiding negative issues. (...) We as Frelimo members must end the trend of banning discussions on major issues” (quoted in Hanlon, 2010e).

Thus, for the government to ensure taking on its responsibility in a “mixed economy” in order to achieve PPG and capabilities expansions for its citizens, “state-building” needs to enter the centre of focus. As correctly observed by the African Development Bank, corruption is usually “due to narrow political competition, limited accountability and transparency, a weak legislature, and lack of civil society oversight” (2008: 10). If “competition” in the political sphere is not established any time soon, the fight against corruption, rent-seeking (*cabritismo*), vote fraud, further land concentration, press harassment (to be further analysed in chapter 3.3/Part II), *inter alia*, will face severe dangers of failure. This will directly inhibit the eradication of economic, social and human poverty. Hence, progress needs to be made on establishing a climate of a lived multiparty democracy. Against this assertion it comes as a promising development that some form of *decentralisation* (and hence power reallocation) is taking place, to be discussed in the next subpoint.

### 3.2.2 Decentralisation

One of the four identified functionings of value to Mozambicans is to live a life freed of political poverty (G20, 2004: 24). Political Poverty can be defined as the absence of “good governance”, which is viewed by PARPA as

essential for the success of the poverty reduction strategy, as long as there are high quality State institutions for the provision of public services to the poor. It gives specific emphasis to decentralisation and de-concentration, to public administration reform and to the reduction and containment of corruption at all levels (G20, 2004: 24)

In the previous subpoints I have argued that corruption and rent-seeking certainly inhibits public administrative reforms, a problem which is rooted in the limited democratic space in the current Mozambican socio-political climate. This has direct effects on the quality of state institutions and the provision of public services for the creation of human capital, to be discussed in chapter 3.4/Part II.

However, in regards to the decentralisation efforts, progress has certainly been made, which is a promising development. As mentioned under point 3.1.3.1/Part II, under a new system created in 1998, the 23 cities plus one town (*vila*) in each province have gained substantial autonomy. “The municipal government is a replica of the national government, with an elected mayor (president) who names local ‘ministers’ called *vereadores*, and an elected assembly” (Hanlon and Smart, 2008: 80). *De jure* they “control local services and have authority to set up municipal businesses, take over local water and electricity supply, and negotiate directly with donors over social and economic development projects” (Hanlon and Smart, 2008: 80). However, as previously mentioned, *de facto* their autonomy is limited as of their financial reliance on the OE. This has severe consequences for the *real* power of the municipalities.

While the new system helped to set up regular participatory meetings for solving problems of local kind, the meetings were not helpful in tackling crucial issues of economic kind (G20, 2004: 24). As Hanlon and Smart put it,

The municipal legislation assumes that the mayor, council and assembly will be a driving force for development, not just by creating conditions and mobilising popular involvement, but by taking an active economic role, and working actively with donor agencies. So far, this has not happening (2008: 81).

In order to change the situation, to increase the influence and power of the districts and municipalities on matters of real socio-economic importance, it will be utterly crucial to increase the local revenue base internally, following the steps as outlined in the economic poverty analysis of chapter 3.1.3.8/Part II (*Rising tax/GDP ratios*). It can be fairly assumed that real power transformation will not take place based on the good will of the centralised government in Maputo alone<sup>216/217/218</sup>.

To conclude thereby, eradicating political poverty (or establishing “good governance”) is certainly a linchpin for possible progress made on all other dimensions of poverty, namely economic, social and human poverty. It does not surprise that Sen has named “Political Freedoms” his first instrumental freedom. Despite some promising developments in Mozambique in the last few years particularly with regards to decentralisation efforts, the main point to establish in the years to come is a strong opposition to the one-party rule of FRELIMO. If this is not accomplished, it has to be feared that *autocratic* tendencies that have already emerged in FRELIMO will only

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<sup>216</sup> On a critical discussion of the recent decentralisation process in Mozambique, and its consequences for the creation of a serious opposition movement, please be referred to Orre (2009).

<sup>217</sup> Decentralisation as such is certainly risky in itself, because it can cause the rise in local level corruption. Hence, local management control has to accompany any meaningful decentralisation effort.

<sup>218</sup> Please note that in the presentation of the 2011 OE by Finance Minister Manuel Chang to the parliament on 08 December 2010, the percentage of the budget spent centrally will fall from 74% 2010 to 71% in 2011. The amount allocated to the provinces will fall from 23% to 16%, but the share of the budget for the districts will rise from 5% to 13%. Municipal expenditure will remain at a mere 1% of the budget. Total public expenditure will be MT132 billion (US\$3.8 billion) (quoted in Hanlon, 2010g).



increase in the years to come. For a young democracy such as Mozambique's, this is a worrisome development.

### **3.3 Social Poverty**

Social poverty is a domain of poverty which has gained more and more academic attention in recent years, especially since the analytical focus of poverty has started to look into chronic versus transitory forms of poverty (poverty dynamics), and since poverty has been conceptualised as social exclusion. Here the aforementioned “poverty trap” logic has been crucial to widening the understanding of the emergence of chronic forms of income poverty. Without sufficient endowments in form of social and human capital, people are more likely to slip into poverty than those who have been able to invest in them. In other words: “Households and individuals who are socially marginalised are more vulnerable to crises than those who have a set of relationships to draw on” (Tvedten et al., 2009a: 18).

The G20 has identified Social capital, or the absence thereof, as one dimension of poverty. For most Mozambicans, and probably for most people, having a healthy network of friends, families, extended families and functional communities is a functioning of deep value. And indeed, the G20 defines “social poverty” as “structural disparities”, and evaluates social capital accumulation in regards to the efficiency of the legal and judicial system, public security, and the reduction and containment of corruption at all levels (2004: 19).

The G20 found that the Family, Traditional Authorities (*régulos, cabos, sagutes*) and Community Courts are the three main institutions people resort to solve serious social conflicts, whereas the Police or State authorities enjoy lesser trust. This indicates a serious problem for the legal and judiciary system; most Mozambicans lack trust and

confidence in the national authorities, mostly related to the high levels of corruption and inefficiency manifested in these institutions (G20, 2004: 20). The CMI confirms this observation in their 2009 synopsis report (Tvedten et al., 2009a: 18-20).

Hence, Mozambicans are certainly capability deprived through the absence of Sen's first and fourth instrumental freedoms, Political Freedoms and Transparency Guarantees. Here specifically, he demands the presence of a multi-party democracy, to have the "freedom to choose between different parties", and transparency guarantees, to have disclosure and lucidity, and to prevent corruption and underhand dealings (Sen, 1999: 38; 40). However, both are apparently lacking in Mozambique, which is due to the weakness of RENAMO that has turned the country *de facto* into a one-party state, with FRELIMO being the predominant party ever since the first elections in 1994, as outlined in chapter 3.2/Part II.

### **3.3.1 Lack of transparency guarantees**

A certain lack of transparency and political unfreedom was also highlighted by the EU Observer Mission in their final report of Mozambique's presidential, legislative and provincial assembly elections in October 2009. It stated that:

In general, the legal framework provided a reasonable basis for the conduct of democratic elections in line with the international and regional standards ratified and agreed to by the Republic of Mozambique. The constitution and most of the election-related legislation ensure the protection of political rights of Mozambicans and guarantee genuine elections through the respect of freedoms of association, assembly, movement and freedom of expression (EU, 2009: 4).

However,

the election-related legislation is dispersed throughout several documents lacking clarity and opened space for different interpretations. In addition, some important legal provisions ensuring the transparency of the process were not respected, including the full publication 30 days before election day of lists of candidates and of polling station locations with respective codes (EU, 2009: 4-5).

It concluded that

the broader electoral process was weakened by the lack of transparency by Mozambique's electoral authorities, by an unlevel playing field during the electoral campaign and by limitations with regard to voter choice at local level. As in 2004, irregularities in counting, tabulation and aggregation were observed (http 84).

Main problems identified in these elections were:

- Electoral legislation is unclear and at times contradictory
- Filing a complaint is *de facto* nearly impossible at every step of the electoral process.
- The presence of political party representatives at the National Elections Commission (CNE) maintains an unlevel playing field and an unequal access to information (EU, 2009: 7-8).

The identified lack of transparency guarantees resulted not only in the aforementioned "Donor Strike", but also in a new electoral legislation that is supposed to be presented to the AR in September 2011. It is anticipated to approve the new legislation before the 2013 municipal elections and 2014 presidential and parliamentary elections (Hanlon, 2010e).

However, what can be said with certainty is that the lack of transparency guarantees stands in relation to the absence of a free press in Mozambique. This is point of immense importance in Sen's writings, ever since his famine observations in Bengal 1943 and subsequent studies on that issue.

On the annual "World Press Freedom Index 2009", published by Reporters Without Borders, Mozambique is ranked 82/175 countries worldwide (http 85); and on the "Freedom of the Press 2009 Map", Mozambique is described as a "partly free" country. While the 1990 constitution provides for a press freedom, it is a right

“restricted to ensure respect for the constitution, human dignity, the imperatives of foreign policy, and national defense” (http 86). As such, “defamation of the president is illegal, and libel laws are sometimes used to prosecute media outlets”. In 2009, “journalists were harassed and intimidated throughout the year, primarily by political party supporters”, so that “the risk of lawsuits, prosecution, and extralegal intimidation encourages self-censorship among journalists” (http 86).

The absence of a free press was somewhat affirmed by an independent report on the media coverage of the 2009 presidential campaign commissioned by the National Union of Journalists (SNJ). It was found that FRELIMO received the greatest share of the coverage, “both in publicly owned media, such as Mozambican Television (TVM) and Radio Mozambique”, and the printed media “regardless of their ownership and political stance” (Hanlon, 2010e). In the first 20 days of the campaign TVM’s daily “Campaign Diary” devoted 45% of its time to FRELIMO, 34% RENAMO, 15% to the MDM, and 6% to the 16 minor parties standing (Hanlon, 2010e). This certainly indicates once more the predominant stance of FRELIMO.

### **3.3.2 Social relations and networks**

However important the research of the G20 was to assess social poverty, its narrow focus on the legal and judiciary system is not comprehensive enough to understand the importance of social capital for building up resilience against chronic forms of poverty. What is additionally important is to look at social networks, at relationships and comradeship within the family, the extended family, and the community as such, to really understand somebody’s vulnerability against hardship. Here research of the CMI is important, which found that in Mozambique

Better-off families (...) have the capacity to invest in longer term relations to fulfil cultural perception of a good life. For the poorest, their

allocations tend rather to take the form of emergencies with *ad hoc* decisions that may equally well undermine their position over time – for example by withdrawing children from school to work; not taking children to hospital in order to save money; or carrying out illicit activities to solve an immediate crisis (...). The better-off households systematically have a larger and more intensive network of social relations than the poorest, both in their daily lives and to draw on at times of particular difficulties. (Tvedten et al., 2009a: 18).

In other words, networking is important, such as with neighbours and friends, in churches and mosques, or as a party member. One of the most interesting observations of the CMI however is

the extent to which social relationships have become ‘commoditised’, in the sense that money has become an integral part of many relations that were previously based on more flexible exchange. We have seen in the three studies how money is involved in people’s relations with the state (with both formal and informal payments to acquire services in education and health); how up-front payments often have to be made to be considered for various types of employment relations; how relations with local institutions of civil society and the church increasingly expect ‘contributions’ from members of the community to be eligible for support; and how money is involved in the establishment of relations between extended families through dowry. Perhaps most seriously, social relations among the poorest themselves are increasingly based on economic reciprocities – which is a main reason for the local processes of social marginalisation and exclusion we have identified because the poor cannot afford to have outstanding claims (Tvedten et al., 2009a: 18).

These are worrisome developments in Mozambique, as they leave the most marginalised and vulnerable more and more excluded from socio-economic activities, which means they are heavily opportunity deprived. Unfortunately, researching social networks and relationships is a complicated task from a methodological standpoint. The adopted research approach for this chapter, the indicator-based capability analysis, is rather not suited to scrutinise social dimensions of poverty in Mozambique. Relevant and reliable data in form of indicators for social relationships are not available, and the usefulness of gathering those data may be even seriously questioned. It certainly requires some primary field research with a narrow focus on communities to gather

some form of “anecdotal evidence” to assess this analytical question, as done by the G20 and the CMI. Because of this, the thesis acknowledges the importance of social capital, but has to call for further research into this area.

### **3.4 Human Poverty**

The last dimension of poverty vis-à-vis functioning of value for Mozambicans is human poverty/ capital. From a methodological viewpoint is this an easier point for analysis again, as many indicators on human development exists. Achievements and limitations in human assets, such as education and health, are usually directly observable, and hence analytically more accessible as political or social poverty (which are certainly more elusive areas for analysis).

The G20 defines human capital as one functioning of value to Mozambicans, and uses the definition provided by the *Agenda 25* to encompass human poverty: “Human Capital (...) pertains to elements which directly influence the person’s capacity to maintain a healthy and sustainable life. The name of ‘human poverty’ was given to the limitations in this realm” (G20, 2004: 17). In concrete terms, the report cites the “right to food”, the “right to health” and the “right to education” for all Mozambican citizens as essential human assets (G20, 2004: 17).

In order to ensure this asset accumulation, PARPA is cited as the key policy document for it. The development model adopted to achieve human capital in PARPA is described as follows:

The PARPA has been constructed upon a model that is based on the new theories of endogenous growth which proclaim that the strategic means to get out of poverty is an investment by families in the education of their members. Family investment in the education of the children will bring forth increased returns by means of access to employment and the incorporation of technological innovation into the productive sector (G20, 2004: 17).

As worked out in this thesis, PARPA is indeed concerned with social sector targeting, a development which can be praised from a human development perspective. However, I have criticized the document as not comprehensive and far-reaching enough to tackle poverty defined as multidimensional capabilities deprivation, as it remains basically monetarist and neo-liberal in its policy orientation, despite the incorporation of social sector targeting which became popular in the post-Washington Consensus period. Hence, I proclaimed that in the crafting of PARPA III the shift from a market-led development model to the adoption of broad based *support-led strategies in all four dimensions of poverty* should be brought to an end.

Aside of this general criticism, the analysis of human poverty in Mozambique paints a picture of a country that, despite of an increased focus on investing in human dimensions of poverty, is still not able of providing its citizens with some *real* opportunities to accumulate satisfactorily human capital. Certainly, the government has been able to decrease hunger by increasing the caloric intake for its citizens. However, the International Food Policy Research Institute (IFPRI) describes Mozambique on its Global Hunger Index 2009 still an “alarming case”, ranking it 68/84 in worldwide comparison (2009: 13-14). Child malnutrition remains extraordinary high, at 41% in 2003, and the prevalence of undernourishment in total population is with 38% in the years 2004-2006 still extremely widespread, even though it was steadily lowered from 59% in the period 1990-1992 ([http 87](#)).

In regards to health, infant mortality is being reduced thanks to the combined efforts of the Extended Immunisation Programme with the Mother and Child Health Programme, and Family Planning (G20, 2004: 17). However, with a total of 103,82 deaths/1,000 live births as of 2010, it remains ranked 6/224 in worldwide country comparison. Life expectancy at birth is only 41,37 years, ranking it 222/224 in

worldwide country comparison. And HIV/AIDS has an adult prevalence rate of 12.5% as of 2007, ranking it 8/170 in worldwide country comparison ([http 20](#)). In particular with HIV/AIDS the feminisation of poverty becomes an issue, as women are much worse hit than men: 13.1% of women aged 15 to 49 were tested HIV-positive, as opposed to 9.2% of men, according to a national survey released by the Ministry of Health, which found that 11.5% among people aged between 15 and 49 were HIV infected in 2010. This result led Health Minister Ivo Garrido to state “that AIDS has become the main cause of death and hospitalisation among adult Mozambican” (quoted in Hanlon, 2010e). Without going into further detail, most key indicators on health publicly available for Mozambique are indeed very grim.

Concerning the education sector, a significant increase has happened in the admission rates at EP1 level (grades 1 to 5) (G20, 2004: 18); enrolment at primary education level has steadily increased between 1992 and 2002 (the latest available data in this category), from 1,119,476 (ranking it 59/214) to 2,705,013 (ranking it 48/214 in worldwide country comparison) ([http 88](#)). The main problem for families to *not* send their children to primary school though is that they are either needed as work force at home (boys particularly, who are needed as casual labour), or because of premature marriage or premature pregnancy of the girls (G20, 2004: 18).

Of further problematic is certainly the poor quality of education, which is reflected in the high failure rates (G20, 2004: 18), and high illiteracy rates (46.5% in 2003 (UNDP, 2005), the latest available data). This may be caused by a high pupil-teacher ratio at primary school level: each primary school teacher in Mozambique had to teach on average 66,34 pupils in 2005, which ranked it 6/191 in worldwide country comparison (against an weighted average of 26,6 ([http 89](#))).



In sum therefore, and as previously highlighted, improvements in the education sector are probably the biggest achievements of PARPA I and II. As education has a high *intrinsic* value to people, this is a development which can only be complimented. It is nevertheless not satisfying when Mozambique is compared and ranked globally in key indicators, such as illiteracy rates. In addition to this, those being able to have enjoyed a good education are often left disappointed because education does not have a strong *instrumental* role to play in Mozambique, which is rooted in the little successes on creating formal employment opportunities. Without the prospect of finding a suitable job, many educated Mozambicans are left frustrated and disillusioned about education as a pathway out of (material) poverty.

These developments pose severe questions: do the opportunities provided for Mozambicans equal *real* opportunities? The answer to this question is a mixed one. It is certainly clear that the government has a genuine interest in tackling human dimensions of poverty. It assigned over 50% of its annual budget on social sector targeting; however, the opportunities provided for the impoverished population are not always *real* opportunities to take advantage of.

For instance, while people have the opportunity to consult the local *Posto de Saúde* (Health Post) in the case of illness, 60% of those who travelled to the health post declared to the G20 that they had no money to buy the medicines prescribed (G20, 2004: 18). Public health expenditure<sup>219</sup> as a share of Mozambique's GDP was as low as 2.74% in 2004, down from 3.83% in 2000, ranking it 115/188 in worldwide comparison (http 90). For a country such as Mozambique that has such a low ranking on the HDI 2010, this is trend which needs to be reversed.

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<sup>219</sup> Defined as the "recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and nongovernmental organizations), and social (or compulsory) health insurance funds" (http 90)

A lack of money has also been named as one of the reasons to *not* send children to school at EP1 level (G20, 2004: 18). The G20 has described this development as:

worrisome because the Government has been subsidising the cost of medicine, and schooling at the EP1 level is free of charge; one is thus left without knowing why this situation arises and how it is possible that the efforts of the government are being undermined regarding the provision of services to the people (2004: 19).

The answer to this question has to be that the social opportunity provision, Sen's third instrumental freedom, is only half-heartedly in Mozambique. By providing "cash for education", or "cash for health programmes", people would be able to *really* profit from the opportunities provided (those which have been actually created through the annual budget allocation of over 50% to these sectors).

However, aside of the aforementioned limited public expenditure on health by percentage of GDP, the biggest problem, yet again, that prevents such a provision is the high prevalence level of corruption throughout the official ranks. G20 participants named "corruption on the part of officials who sell medicine, and of those who are in charge of school registrations, as well as the illegal selling of school books" as one of the main unfreedoms in their everyday lives (G20, 2004: 19). Hence, in order to improve the situation in the sectors food, health and education, impoverished Mozambicans gave the following aspects to protocol:

1. Increase the productivity of the family sector, to at least match the levels that the family sector has reached in neighbouring countries.
2. In the case of water, provide training so that the people themselves could construct improved wells, instead of waiting for them to be built by contractors at the State's expense.
3. Provide money to buy medicines and send children to school

4. Provide literacy programme and an alternative basic education programme aimed at children who do not have the opportunity to attend school (G20, 2004: 19).

In other words, they requested some *real* support and opportunities provision. This thesis has highlighted some possibilities to increase the productivity in chapter 3.1/Part II, and calls to further invest into the social sectors. Having a continuous focus on human and social capital accumulation will always remain important from a capabilities perspective (as it has an intrinsic and instrumental value). This is crucial to bear in mind, especially in the current political debate in Mozambique. Some key authors on the country have criticised the overly focus on social sector targeting of PARPA II (Hanlon and Smart, 2008), a criticism hard to share not only when the CA logic is applied, but also when the analytical focus is on the unsatisfying performance of Mozambique in key indicators of human development.

### **3.5 The four functionings of value and their capabilities denial: some anecdotal evidence from interviews conducted**

At this stage of the thesis I would like to provide anecdotal evidence from interviews I have conducted for this study. Between February 2010 and April 2010 I sent a questionnaire I had prepared for the selection of poverty dimensions to 100 poverty and development experts in Mozambique. The process of this exercise and its results will be dealt with in detail in chapter 4.4/Part II, as it will inform the selection of capabilities for the re-measurement of poverty in Mozambique.

As part of this research process I was able to conduct some in-depth interviews with people knowledgeable of the country case, who have been associated with important Institutions such as the Faculty of Economics and the *Centro de Análise de*

*Políticas* of the Eduardo Mondlane University in Maputo; the aforementioned Chr. Michelsen Institute in Norway; the Development Assistance Research Associates (DARA) in Madrid, who conducted various humanitarian and developmental evaluations on the country case; the Department of Economics of the University of Copenhagen; the *Centro de Estudos Africanos* (CEA-ISCTE) in Lisbon, Portugal; and the Linguistics and Human Resources Strategic Management Department at the *Universidade Politécnica*, Maputo. The exchanges took place in form of face to face and phone interviews, as well as through email correspondence. It was mutually agreed to keep the responses anonymous.

In the questionnaire, please see Appendix 10, I enquired information about the following question:

what would you consider the biggest challenge(s) in Mozambique's current poverty reduction efforts? Which aspects of *ill-being* do you consider the most neglected or overlooked in the public and political discourse? What do you think are the main *drivers* for poverty to arise and persist?

Respondents gave detailed answers which seem to *empirically* underpin the *theoretical* capability analysis conducted in this thesis, which revealed the denial of some basic capabilities for Mozambicans.

For one respondent it is particularly the

difficulty, if not the failure, to build healthy, effective political and economic institutions; that is, institutions prone to foster an economic structure standing more upon a productive setting than a rent-seeking model. The aspects of *ill-being* most neglected or overlooked in the public and political discourse are probably not many. Mozambican politicians have not been short in nice rhetoric in their discourses. So, it is important to distinguish the discourse (...) from the actual action expressed in the specific policies, programs and behaviours of key actors and institutions. The main drivers for poverty to arise and persist are those that are fostering the rather weak productivity in the national economy and very weak efficiency in the overall society.

The interviewee also highlighted the rather critical literature on the macroeconomic orientation of PARPA in Mozambique, which has been subject to severe allegations of being overly influenced by “liberal economics”. For him however,

PARPA has been an important instrument of dialogue between the Government and donors; but as an instrument for dialogue between the Government and national actors, as far as economic development, it has been irrelevant. As Hodges and Tibana argued national actors are much weaker than donors as far as the checks and balances of public policies are concerned.

In other words, this respondent highlighted problems in the political freedoms category of Sen’s CA framework. It highlights the necessity to increase accountability towards local populations, improvements in the fight against rent-seeking, and to bridge PARPA’s rhetoric with real policy action and observable empirical outcome. The latter point is of particular interest to him, as there are only limited empirical evidences which indicate progress made on improving living realities for ordinary Mozambicans. What is missing is proof for the claim that poverty is being as radically reduced as indicated by Mozambique’s official poverty measurement.

While not himself endorsing the criticism raised in Mozambique’s poverty discourse against the liberal macroeconomic orientation of PARPA, does he, nevertheless, disseminates this information in a questionnaire about poverty (which possibly indicates a certain understanding for it. This is, however, a speculation of the author of this thesis).

A lack of “political freedoms” has also been highlighted by another interviewee, who stressed in our interview that “being a party member of FRELIMO always helps” to escape poverty.

To underpin this assessment he cited the aforementioned MT7 million district development fund, which was heavily pushed by the government, and those who were

party members benefited the most from it (as nepotism within FRELIMO is a widespread problem). For him the MT7 million was also a prime example of “bad reporting and auditing”: some districts reported that the scheme had successfully created 15,000 new jobs as formal labour in 2 years. These figures were highly overstated. As the money was hardly enough to create and kick-start any businesses or enterprises, a creation of 500 jobs would have been an outstanding success already. However, despite this logical weakness FRELIMO happily cited the overstated figure in subsequent reports as proof of the funds’ positive outcome and impact. A further problem with the scheme has been that it was mostly used as a onetime payment, in form of direct cash handouts. This is certainly not a bad practice, but for the interviewee it does not create sustainability. Upon further enquiry he stated the limited availability of credit as one of the biggest problems to overcome the lack of business creation.

He also stressed that “corruption totally undermines planning”. In particular, he named the government’s inability to “develop the agricultural sector due to long term corruption”, which leads to massive rural-urban mobility. The result is social segregation: those who are young, strong and healthy are leaving for Maputo (or neighbouring South Africa to work in the mining sector), whereas the “weak and the old” are left behind and live mostly in rural Mozambique. Men who leave to South Africa to work in the mines are earning so much money that it is possible to develop a whole community in rural Mozambique with the remittances, though to the detriment that the job is very dangerous, and that many come back infected with HIV/AIDS. However, as land-grabbing in urban Mozambique is a very widespread problematic (please see in-depth analysis of this phenomenon in chapter 3.1.3.6/Part II), those leaving to work in urban Mozambique are not always better off, as they have to work in very exploitive working relationships.

Aside of the political limitations, he also stressed the importance of informal and formal employment creation and access to monetary income as utterly important to achieve the functioning of having an ensured livelihood: as only a few people are formally employed, it is those with regular jobs who he considers as non-poor, and those without regular jobs more or less as poor: “Non-poor are those with the ability to combine monetary income from formal and informal employment with yields from subsistence agriculture that possibly even allows for cash cropping”. As a positive development he cited research of the CMI, which found that informal market places in rural Mozambique finally start to flourish. However, access to markets remains problematic throughout the country, particularly to urban markets. And a detrimental effect of this development is that it increased inequality among those who were able to take advantage of the new markets, to those who weren’t able of doing so.

Whereas access to monetary income is for him the most important dimension of poverty, he also considers education and access to health services as crucial. Education however is not as important as employment as such, as “there are entrepreneurs in the country who are very ‘street smart’. They cannot write or read, but are good traders, and good with basic maths”. Problematic however is an identified language barrier: Portuguese is certainly expanding, and children learn it when they enter the school. However, if Portuguese is not properly spoken (as is the tangible danger in rural Mozambique with indigenous languages being the first language at home and in social relationships), entering the formal employment sector becomes problematic, as Portuguese is its formal language (and for higher ranked positions English is even more important). Hence, *language* as such can be a very real “unfreedom” to many Mozambicans, a point which was also stressed by other interviewees (to be subsequently discussed).

The last comments of this respondent however concentrated on the role of social relations on poverty. Against general wisdom that household size has a detrimental effect on individual well-being (that is, the bigger the household the lower the well-being of individuals (i.e. scarcity in food and living space, worsened hygiene conditions, *inter alia*), he claimed that well-being rather depends on the status of the household head in the community. As an example he cited a father of 21 children in a small town in rural Mozambique (exactly where he couldn't remember), who were all well taken care of, as the father could count on an extended network of social relations, which secured him with sufficient employment and assistance to raise his children. Hence, household size as such is not as influential on the living circumstances than social relationships and the status of the household head in society<sup>220</sup> (which is a point that has also been stressed by the studies of the CMI and the PO, which identified "social poverty" as a crucial poverty domain in Mozambique).

For another respondent the biggest challenge is to fight "corruption" and to break the complete dominance of FRELIMO in what he describes as a "one party democracy". For him,

there is only little pressure for reforms from within Mozambique, because no opposition party is strong enough to place demands. Judicial reforms are cumbersome, but there seems to be little willingness from the Government to do anything to move things further ahead.

Aspects of "ill-being" which are greatly overlooked in his opinion are the lack of employment opportunities outside Maputo, as well as the large inequalities between

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<sup>220</sup> This point was particularly important for those "polygamist households" in the northern parts of Mozambique. While polygamy certainly deserves to be criticised from a feminist/gender point of view, it was found however that only "richer" household heads were able to afford the life with more than one wife. Hence, "polygamist households" do signify material wealth, wherefore many women are actually seeking to get married into a polygamist household (this is not the finding of a vast empirical study on rural polygamy, but solemnly anecdotal evidence. Hence, this information is worth to share in this thesis, though should be enjoyed with caution).



rural and urban settings. These are serious drivers for poverty, as they also diminish opportunities to receive some form of formal education.

“Access to land and cultivation” is utterly crucial to overcome poverty, for yet another interviewee, since most people rely on subsistence farming for their livelihood. If this is absent, extreme forms of poverty are inevitably created. Because of this reliance the now more frequently occurring droughts and floodings, especially in central Mozambique, are very troublesome, as it increases the danger that people’s livelihoods are destroyed. Hence, rural farmers are particularly vulnerable to outside shocks, and in need for protective security. As “growth without development” is observable, he considers “access to resources and an improved infrastructure” an immediate first step to improve living realities for Mozambicans, followed by the guaranteed access to education and health facilities.

A female respondent considered a secured “Livelihood” as the most important dimension of poverty, “even more so than education”; aside of that priority setting however, she had very interesting observations on the social and human dimensions of poverty, particularly on gender issues, the role of indigenous languages in everyday life, and the state of reconciliation among Mozambique’s socio-ethnic groups. Therefore, our interview concentrated on these topics.

She considers, what the CMI labelled a “feminisation of poverty” (chapter 3.1.2/Part II) a logical consequence of the role of the woman in Mozambique’s society and family, which is traditionally that of the “housekeeper”. Women are always exposed to poverty, as they are usually not engaged in formal labour. Their status in society is also lower as the one of men: “if there is a family with 2 girls and one boy, it’s the boy who receives preferential treatment, for instance he is the one who will be send to school (even if the girls (or one of them) would have better prospects of being good at

school than the boy)”. In other words, with the conception of the man as the breadwinner in society, women experience a form of cultural “unfreedom”. At best, they are second among equals.

In regards to the role of indigenous languages in Mozambique’s society (with which she has research experience), she gave to protocol that “the colonial era has left many Mozambicans with a feeling of inferiority about their indigenous language, which directly affects issues of pride and self-esteem”. Aside of that affect there are indeed many very practical problems that emerge out of the fact that Portuguese is the official language in Mozambique.

According to *Ethnologue* there are currently 43 living languages in Mozambique (http 91). Portuguese is the official language. Most Mozambicans learn Portuguese as a second language in school. In such a multilingual country, Portuguese, even only secondary language to most people, is the most spoken language throughout the country. However, a detailed analysis of Census 2007 results reveals that Portuguese has a minor role to play in people’s everyday lives.

In Mozambique’s northernmost province *Niassa* for instance the main language spoken is not Portuguese, but *Makua*, given as their mother tongue by 43.6% of respondents participating in the Census 2007. This is followed by *Yao*, spoken by 37.2%, and *Nyanja*, spoken by 10%. Portuguese is spoken by less than 5% of the population (http 92).

In the southern province of *Gaza*, also an overwhelmingly rural province, *Xichangana* is for 87.2% of the population the mother tongue, only 4.8% named Portuguese as their mother tongue. Logically consistent, 88.1% of the respondents named *Xichangana* as the language commonly spoken at home, whereas only 5.5 % said it was Portuguese (http 93).

Similar results, only with varying indigenous languages, can be found for all other rural provinces in Mozambique. Only in Maputo Portuguese plays a significant role: 55.2 % of people in Maputo city and 34.8% in Maputo province said the language they spoke most commonly at home was Portuguese. For 42.9% in Maputo city Portuguese was their mother tongue, while *Xichangana* was named by 31.5% as the mother tongue, and spoken as a primary language at home by 31.4% (*Xirhonga* is the mother tongue of 9.7% of the city's residents (http 94)).

This has severe implications for the life in Mozambique: with Portuguese being the language of business, commerce, politics, and ultimately labour, it is troublesome that it is not spoken by most Mozambicans at home, or that it is not even their mother tongue. Once a person loses his or her position in formal labour, it is of good likelihood that she will not speak Portuguese at home. Subsequently, and the longer that person is not regaining employment, Portuguese takes a much lesser role in her everyday exchanges, which will complicate the re-entering into the formal employment system. As the interviewee has put it: "If you are not speaking Portuguese, and to a certain degree English now, you are condemned to be out of the system". Hence, language can become a very "real unfreedom" to people (mostly rural Mozambicans), namely then when it inhibits to achieve a functioning of value, such as being formally employed.

This assessment is not new in the Mozambican context. In an article from the mid-1990's on "Language, Cultural Myths, Media and 'Realpolitik': the Case of Mozambique", author Helge Rønning already characterised Mozambique's socio-linguistic "reality" as such:

Of Mozambique's 17 million inhabitants more than 95% have a Bantu language as their mother tongue. Only the minority (25%) who have been to school speak Portuguese, which is the official language, and probably far fewer can write it. Furthermore, the language mainly exists in the urban centres where 17% of the population live. The minority are privileged in regard to education, access to better paid jobs, and also the

possibility of relating to the political and social processes of the country. The elite masters speak Portuguese; the majority who live in the rural areas do not (http 95).

Language is certainly a sensitive issue to address, and the opinions about how to approach this set of problems divert according to the framework from which one is arguing (if it is even identified as a problem). In the context of the Capabilities Approach, where any kind of unfreedoms should be removed if it inhibits a person to live out her full agency freedom, there only appears to be three solutions to address that problem, all of which are certainly not easy to implement. Either

1. facilitate the importance and usage of Portuguese in everyday life; this can be done by providing language courses free of charge, and by promoting the local usage of the language in everyday life;
2. foster and strengthen the importance and usage of traditional languages in official transactions;
3. or most radically, replace Portuguese as the official language with English, the official language widespread spoken in the neighbouring countries South Africa, Zimbabwe and Tanzania.

Without claiming to know which way to go, a solution has to be found which is sensitive to the ethno-cultural realities of Mozambique, while also acknowledging that a common denominator in a multi-linguistic country is certainly a necessity to overcome (particularly) economic poverty.

The last point discussed with this interviewee was then concerned with the question to which degree Mozambique's society is "reconciled". This is a question of particular relevance for the country, considering its war-torn past and the importance for its future. While she highlighted that language barriers exists in people's everyday

exchanges, she reckoned socio-ethnic, ethical or cultural divisions as “not really an issue”, especially when put into comparison to other African countries (particularly South Africa).

What she considers rather more problematic is the “urban - rural division”: people from the south, and especially from the capital Maputo, do seem to have greater opportunities to make a living and to gain formal employment than people from the rural north. As an example of the superior status of the south she said that all elected Mozambican presidents so far have been from the south, none was from the north. Upon further enquiry she stated that Mozambique remains a strong centralised state, despite the cautious decentralisation efforts in recent years.

To conclude thereby, the in-depth interviews<sup>221</sup> which I have conducted for this study seem to give empirical evidence to the theoretical and mostly indicator-based analysis of the very real capabilities denial for most ordinary Mozambicans. Although mostly of anecdotal character, the interviewee’s responses (who are highly knowledgeable of the country case) highlighted that political freedoms and transparency guarantees, but also social opportunities are mostly not available for ordinary Mozambicans. They suffer from the one-party rule of FRELIMO, and the accompanied rent-seeking model, widespread corruption and nepotism, and the inefficiency of the economic and social institutions to create access to markets, an improved infrastructure and formal employment. Social dimensions of poverty have been highlighted as well: language and social relations seem to be crucial factors and at times blockades in the attempt to escape poverty, namely then when Portuguese is not spoken at home, or when the breakaway of a social network increases a person’s vulnerability to suffer from outside shocks, such as natural disasters (droughts and/or floodings).

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<sup>221</sup> During the research for the selection of capabilities for the re-estimation of poverty more responses have been collected. They will be provided in chapter 4.4/Part II.

An interesting side effect of this research triangulation was the finding that none of the respondents to the questionnaire was particularly knowledgeable of Sen's CA (which formed one of the lead-in questions to the questionnaire and interviews). To most of them it came as a surprise that it was possible to take their various empirical observations and to place them into Sen's CA, and hence to give these observations their place in a consistent normative framework to evaluate poverty. In other words, my research seems to approve the aforementioned observation of Ingrid Robeyns that the CA is not "old wine in new bottles" (chapter 4.7/Part I), but that the "capability approach gives (...) a sort of theoretical umbrella for existing empirical work" (2002a).

### **3.6 Recapitulation and outlook**

The analysis in this chapter 3/Part II assessed and evaluated poverty in Mozambique within the Capabilities framework of Amartya Sen. By applying a theoretical indicator-based analysis, and by collecting empirical anecdotal evidences from knowledgeable experts on the country case, I have identified that Mozambicans, and particularly rural Mozambicans, are heavily capabilities deprived in four key dimensions of value, which were captured by the participatory studies of the PO. Real opportunity freedoms are not in place to provide Mozambicans the "means" to achieve identified functionings of value to them, namely having a secured livelihood (economic poverty), being freed from political poverty (enjoying good governance), and enjoying the creation of social and human capital, particularly enhancements in health and education, but also the achievement of social cohesion and inclusion, which is inhibited by the multitude of languages spoken in Mozambique, and a strong urban-rural difference in the provision of chances to actively upgrade one's position on the social ladder.

Certainly, improvements since the first free democratic elections in 1994 are apparent: GDP per capita (PPP) increased by 81.8% from an initial US\$163 in 1990 to US\$900 in 2009, and inflation has been successfully lowered to 3.3% in 2009; enrolment at primary education level has steadily increased between 1992 and 2002, and access to food and limited material means, such as phones and bicycles, is now granted to a growing number of people. Mozambique appears to be a highly reconciled country, which is remarkable concerning its war-torn past and when put in comparison to its neighbour South Africa, whose society still struggles heavily with the legacy of racial segregation under *Apartheid*. Hence, nobody would seriously question the positive turn and advances achieved so far in the previous two decades.

However, to state that “poverty declined rapidly in Mozambique” (Fox et.al, 2005: 2), or “poverty fell significantly” (Fox et al., 2008: 4), or to label the country “a success story in sub-Saharan Africa” (IMF, 2007c: 4 in Hanlon and Smart, 2008: 119), or even an “aid success story” (KPMG, 2007: 46<sup>222</sup> in Hanlon and Smart, 2008: 119), is premature. The capabilities framework allows for a more nuanced assessment of living realities, which paints a picture of a society that remains to face severe instrumental unfreedoms, such as a restricted press, the absence of far-reaching social safety nets, or the absence of transparency guarantees.

Certainly, not each of the four identified functionings of value has (quantitatively) enjoyed the same amount of analytical attention in this chapter. My focus remained predominantly on economic poverty and the denial of some basic unfreedoms for achieving PPG. The aim was to bridge the rather philosophical writings of Sen with the empirical work of Cornia on PPM and the country analysis of Hanlon and Smart, Tvedten et al., and others, in order to provide more direct guidelines to

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<sup>222</sup> KPMG ‘Donor Cooperation Strategy with Mozambique’, a joint donor-government study published in 2007 (Hanlon and Smart, 2008: 119).

establish basic conditions necessary to *practically* achieve PPG in Mozambique. In addition to this reason, the sheer magnitude of available indicators on economic poverty also allowed a very thorough and in-depth theoretical analysis without the necessity to conduct primary field research, which was inhibited due to the unavailability of funding for this study. As of this rationale, the analysis of economic poverty was in length greater than the analysis of the other poverty dimensions.

The result of this endeavour was a critique of PARPA II's macroeconomic orientation, as one which is too supply-leaning at seeking macroeconomic stability through fiscal discipline, the creation of a free market and favourable market conditions for FDI and the private sector. As correctly identified by Hanlon and Smart, this resulted in a culpable bypass of promoting the economic value chain (production, processing, commerce and finance) of the country's *tradable goods and commodities*, such as cashew nuts, aluminium, tobacco or cotton. As a counter proposal I advocated for the replacement of the current strategy with the adoption of support-led processes and opportunities expansions, hence to replace the monetarist and liberal school of thought that underpins PARPA II, with a neo-Keynesian macroeconomic framework.

Yet, although economic poverty enjoyed the greatest analytical attention in this chapter, it was *political poverty*, or the absence of good governance, which has been identified as the linchpin for the achievement of PPG (in a neo-Keynesian (PPM) and Capabilities framework), and for the creation of social and human capital.

I came to this finding as the result of both, the empirical work on Mozambique (through the conduct of Interviews and a secondary literature review), as well as through the study of Sen's theoretical writings. It is not without reason that he has labelled "political freedoms" his first instrumental freedom. The one-party rule of FRELIMO as the predominant democratic party in what is supposed to be a multi-party



democratic state is very worrisome, as the party has developed autocratic tendencies, is limiting the available space for emerging opposition parties, and is having a grip on the press. These conditions are the medium for the widespread level of small and grant corruption, nepotism and favouritism in nearly all socio-political fora, and ultimately causes the absence of what can be described as “good governance”. This has been an important finding of this chapter indeed.

However, what I would label the main finding for this chapter is that all four identified dimensions of poverty in Mozambique are as much interconnected as Sen’s five instrumental freedoms to encounter them. Eradicating social poverty is directly linked to progress made on improving the political sphere and the achievement of good governance, through honest decentralisation efforts and the strengthening of the district councils. This can only happen though if the local revenue base is increased to a level that it allows greater autonomy from the fiscal transactions that are currently coming forward from the central government, hence by enhancing economic facilities in Mozambique’s provinces and districts. Human capital, in turn, is established if transparency guarantees are in place, an instrumental freedom usually thought of being beneficial for the eradication of political poverty. Establishing good governance and increasing the political sphere for emerging opposition parties such as the MDM is particularly beneficial for the enhancement of economic facilities, social opportunities and protective securities. That is, because it puts the government under pressure to tackle socio-economic reforms, by facing criticism and public scrutiny.

This finding seems to give empirical evidence to the claim that the CA is inherently a multidimensional and holistic framework, and hence best suited as a poverty concept (of well-being) for the evaluation of multidimensional poverty as ill-being (a claim put out at length in the first part of this PhD thesis, and is an argument I

published, in adapted form, in an article for the *In-Spire Journal of Law, Politics and Societies* (Vollmer, 2011a).

Without doubt, each of the four identified poverty domains discussed in this chapter could have enjoyed further analysis. Analysing multidimensional poverty has at times the problem of reaching *breadth* on the shortfall of *depth*. In future research efforts it would be interesting to conduct an in-depth research observation and analysis of socio-political developments in Mozambique, with a narrow focus on a specific district or province. Particularly the analysis of social poverty, the role of social networks on limiting the vulnerability to poverty, and the role of indigenous languages on the everyday life of Mozambicans would be questions worth taken to the field. As these are study objects which are rather concealed to an indicator-based research approach (in contrast to economic and human poverty), I will aim for my post-doctoral studies to tackle these questions through a rather more empirical approach with a primary field research component.

Up until this point the thesis has tackled two out of three practical operationizations of Sen's CA, namely the critique of the current unidimensional poverty measure in Mozambique (which I have published in due course of my studies in an article for the *Global Affairs*), and the analysis of Mozambique's real opportunity freedoms (published in an article for *The Diplomatic Insight*). In the next two chapters I aim to tackle the third objective of this study, which is the re-estimation of poverty in Mozambique, by applying Alkire and Foster's Counting Approach.

To this end, the next chapter will put forward the reasons for the selection and weighting of the various poverty dimensions and indicators that will be used in the measurement. The selection will be based on a combination and triangulation of various sources. The rationale for this approach has been outlined at lengths in chapter 5/Part I

of my thesis. The selection will be based on the triangulation of the participatory studies of the PO, a secondary literature review, the screening of available quantitative data, and the results of the aforementioned questionnaire and interviews that I have conducted between February and April 2010 with ten knowledgeable experts on the country case. The aim is to provide a measure which is closer to living realities of impoverished Mozambicans, one that puts the attention of policy makers on the necessary enhancement of real opportunities for the country's citizenry.

#### **4 Selection of basic capabilities: What do Mozambicans value and have reason to value?**

The previous chapter outlined some real opportunity deprivations for Mozambicans, especially related to the four main dimensions of poverty captured through the participatory studies of the PO. These have been economic, human, social and political poverty. Indirectly, this indicates that Mozambicans would value certain functionings related to these four dimensions, particularly having a sufficient livelihood, living freed from petty and grand corruption (good governance), enjoying education and health, and a proper social network, which includes the extended family and the community as such.

For the re-measurement of poverty, to be conducted in the upcoming chapter five of this second part of the thesis, it will be prudent to select meaningful dimensions and indicators of poverty, as well as a meaningful weighting system. Certainly, it would be easiest to use the participatory findings of the PO to that end. Yet, as outlined in chapter 5/Part I, the selection of capabilities vis-à-vis research on poverty in general, should never rely merely on one good source of information. This is particularly true for the CA, which is an analytical framework that welcomes value judgements. And it applies for Alkire and Foster's Counting Approach, which necessitates several value judgements as well in order to mould the measurement to the particularities of the case for which it is being used. Hence, being *explicit* about the research process is part of the research itself.

The Counting Approach<sup>223</sup> requires the conduct of two steps: an identification step (which answers the question *who* is poor) and an aggregation step (which brings

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<sup>223</sup> As previously stated, it is the same methodology which has been deployed to compile the new Multidimensional Poverty Index (MPI) for the Human Development Index 2010. I tailor the methodology to the specific conditions in Mozambique, and hence react to the call of the authors of the MPI to “develop national measures having richer dimensions, and indicators and weights that reflect their

together data into one indicator of poverty). The identification step requires the choice of:

1. The Unit of Analysis
2. Dimensions of poverty
3. Variables/Indicator(s) for dimensions
4. Poverty Cutoffs for each indicator/dimension
5. Weights within and across dimensions

As for the unit of analysis, this will be the household. Whilst this is certainly a divergence from Sen's individualistic CA, it was considered a necessary trade-off in the light of available data, to be further discussed in sub-point 4.5/Part II.

In the upcoming subpoints the selection process for the identification choices 2-5 will be explained, as well as certain methodological limitations discussed. Prior to this it should be highlighted though that for the estimation of (multidimensional) poverty one distinguishes commonly between "paper-based exercises", which can be more experimental and might be bound more to normative reasoning, and "policy-based exercises". The MPI is certainly a "policy-based exercise", one which aims to influence and direct policy, and for which the selection of dimensions and variables has been rather conservative (for instance, indicators in relation to employment or political indicators are omitted from the measure (wherefore this author doesn't consider the MPI a *close* translation of Amartya Sen's philosophy)).

In contrast, my estimation will be more "experimental" and it will follow in a very rigid way the many "normative parameters" of my selection choices (having to have Sen's philosophy incorporated (Part I of the thesis), the survey and indicator-based

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context" (Sabina Alkire, Director of the OPHI in a contribution to Oxfam's Blog "From Poverty to Power" 29 July 2010 (<http> 19)).

results of chapter 3/Part II, which includes the participatory results of the PO, my criticism of the official unidimensional measure for Mozambique (keyword “consumption”, chapter 2/Part II), and, ultimately, the necessity to have an *added value* (with the MPI having covered very well dimensions education, health and standard of living with the DHS 2003)).

Hence, results of the estimation (presented in subpoint 5.2/Part II) should be understood only *indicatively*, not face value. This doesn’t mean though that the calculation and its results enjoys a lower confidence level (in that the calculation is flawed), and that one should stop close in using these results in cautiously demanding a macroeconomic policy shift in Mozambique as advocated for in this thesis. Ultimately though, the measure should be thought-provoking and may help to spark a discussion and reflection about alternative ways to measure poverty, with dimensions which are of most importance to Mozambicans. In doing so, chapters four and five attempt to follow what can be described as “good practice”, that is to follow the necessary steps given by the OPHI to apply the “Counting Approach” (Alkire and Foster, 2008b, 2009c; http 97; http 98), and to orientate at those steps conducted in the MPI 2010 (Alkire and Santos, 2010).

#### **4.1 Selection of dimensions, variables, poverty cutoffs and weights**

Amartya Sen’s CA (in contrast to Martha Nussbaum's version of it) requires researchers to select domains of poverty depending on the socio-cultural context. To this end, Ingrid Robeyns (2003b) has proposed to follow a two stage process: By applying various epistemological approaches, ranging from participatory studies to expert questionnaires (among others), an *ideal* list of poverty dimensions should be drawn and put in contrast to a pragmatic *feasible* list. This means “that only from the

second stage onwards *constraints and limitations* related to the measurement design and data collection, or to political or socio-economic feasibility in the case of policy-oriented applications, are taken into account” (Robeyns, 2003b (Italics added for emphasis)). Having these two lists is important, because these second best constraints might change over time, in that knowledge expands, relevant data becomes available, or that the socio-economic/political climate alters.

Having an ideal list is also important as those domains which are *infeasible* to incorporate into the measurement can be used for the overall capabilities analysis in Mozambique, as conducted in chapter 3/Part II of the thesis.

#### **4.2 Selection Process**

The selection process requires the triangulation of existing research findings, such as those participatory ones of the PO, Census 2007 or QUIBB 2000-2001 results (*Questionário de Indicadores Básicos de Bem-estar 2000-2001* ([http 109](http://109))), with own reasoning and own primary research findings.

To this end, I conducted an online survey between February 2010 and April 2010, which is listed as Appendix 10. A supplementary explanation file was sent together with the questionnaire (which is attached as Appendix 11). The intention was to get a better understanding of which dimensions of poverty should fuel firstly my capability analysis (chapter 3/Part II), and secondly my re-measurement of poverty (chapter 5/Part II). Results of that research have been used in chapter 3.5/Part II already.

Following an introductory enquiry about their opinion about what “are the biggest challenge(s) in Mozambique’s current poverty reduction efforts? Which aspects of *ill-being* do you consider the most neglected or overlooked in the public and political discourse? What do you think are the main *drivers* for poverty to arise and persist?”

(Step I), the questionnaire followed Robeyns rationale of inquiring *directly* for an ideal *vis-à-vis* feasible list (Step II and III). As part of Step I it gave the respondents also the opportunity to rank what “kinds of programmes and activities they consider most important to reduce the level of absolute poverty in Mozambique” (from most important 11 to least important 1)<sup>224</sup>.

The questionnaire was sent out to 100 country experts using the technique of “snowball sampling”. A message was placed on the 11 February 2010 on the “Humanities and Social Science Online Network” group “H-Luso-Africa” ([http 110](http://110)). Whilst I had a response rate to my initial query in the realm of 25%, which can be described as a usual response rate to an online or email questionnaire, only ten responses were able to fill out the questionnaire in the end. Of these ten responses, none was able to fill out the questionnaire in its entirety.

This is understandable taken into consideration some of the normative issues that have been raised in the first Part of my thesis. The CA still lacks popularity even among research and poverty professionals (none of the respondents claimed to be “very familiar” with Sen’s CA). This meant respondents had to patiently work their way into the questionnaire, a task only a few were willing to take on.

The second reason for the low response rate was the open-ended nature of the survey. The questionnaire wasn’t semi-structured, or held in the much more popular multiple choice format in order to boost the response rate. I considered this only consequent regarding the epistemological criticism I raised against Martha Nussbaum’s List of 10 central human capabilities in chapter 4.9.5.1/Part I. At the core of my criticism was that having a prefabricated list of capabilities to choose from may undermine the imaginary of the respondents.

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<sup>224</sup> Agriculture, Education, Labour, Food Security, Health, Water, Sanitation and Hygiene, Nutrition, Gender, Emergency shelter, Social Safety and Protection, Livelihoods, Other



Hence, to keep the selection of dimensions, indicators, and weightings as *unbiased* as possible, I chose an open-ended format following inductive reasoning (please see chapter 5.1/Part I), as I was convinced that a prefabricated list may have caused the selection of being somehow *directed* (even if only subconsciously)<sup>225</sup>. As it was my ambition to see the practical translation of the CA being closely oriented at the first part of the thesis, and I aimed to avoid directing the respondents' answers, I accepted that the detriment to this is a lower return rate. In return though I felt that those who took the time to provide answers gave great and in depth insight into the poverty problematic in Mozambique, which is reflected by the vast topics listed in the questionnaire as such, as well as discussed during the interviews that have been used in chapter 3.5/Part II for the indicator-based capabilities analysis (which covered economic, political, humanitarian, and socio-linguistic problems). Before engaging in the analysis of the responses for the final selection of an ideal and feasible list, it is important though to briefly describe some other methodological limitations of the research process.

#### **4.3 Methodological Limitations**

Other limitations of the research were certainly at hand and should be briefly mentioned for the sake of transparency and clarity. Due to the non-availability of funding for this study, the empirical part could have been certainly more comprehensive. Because of this limitation the sample is certainly not large and robust enough for any empirical generalisations. However they act as valid inputs for the selection of poverty dimensions and to feed the analytical/ critical analysis of capability deprivations in Mozambique.

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<sup>225</sup> The only food for thought provided was a "paper-based sample" (please see Appendix 11) to illustrate what kind of information I was looking for.

This observation allows though to discuss one crucial feature for the research of capabilities, which is to what extent is empirical research the way forward to translate the CA from theory to practice. As correctly observed by Robeyns: “It is important to stress that not all applications of the capability approach require empirical research techniques. Some applications are based on analytical reasoning or critical analysis” (2008: 4). Why that is has to do with the nature of capabilities: they are not directly observable. As Sen states:

In fact, the capability set is not directly observable, and has to be constructed on the basis of presumptions (...). Thus, in practice, one might have to settle often enough for relating well-being to the achieved – and observed – functionings, rather than trying to bring in the capability set (when the presumption basis of such a construction would be empirically dubious) (1992: 52).

*Post-hoc*, if capabilities are not directly observable, it is complicated to enquire them directly (through questionnaires, interviews, surveys, etc.)<sup>226</sup>, which severely hampers the empirical research process. For instance, can researchers expect that people are honest and self-reflective whether their agency might inhibit somebody else’s agency freedom? And indeed, as Sen acknowledges it, the normative strength of the CA finds a “substantial drawback” due to the limitation of available data to translate it (Comins, 2001: 9).

But the non-observability of freedom is not the only problematic in the endeavour to translate the CA. The other is the substantial counterfactual nature of the CA. Counterfactuals “contrasts what is observed with what allegedly would be observed if something else were different” (Sen, 1980: 359). Yet, since “what someone could have done but is not doing is always counterfactual” (Bartelheimer et al., 2008: 27), a

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<sup>226</sup> One rare exception of a project that aims to measure capabilities *directly* is the “Measurement of Individual Capabilities” project at the Department of Economics of the Open University UK (Anand et al., nd). The project aims to capture direct indicators of the freedom to choose linked to Nussbaum’s list of 10 basic capabilities, by designing a questionnaire around questions such as: “I am free to express my political views” or “Do you have sufficient opportunities to satisfy your sexual needs”.

researcher will never arrive at non-contestable results (which ultimately is the prime objective of the “scientific method”, to test hypothesis against true/false claims). As a person “could have a good deal of *freedom*, without achieving much” (Sen, 1987: 1), the CA's actual informational base has to incorporate counterfactual choices and scenarios, and thus does not “correspond to the informational basis derived from an empirical observation of facts” (Comins, 2001: 7-8)<sup>227</sup>.

This also creates limitations in regard to the inherent multidimensionality of the CA. Ideally, “the capability approach should take note of the full extent of freedom to choose between different functioning bundles, but limits of practicality may often force the analysis to be confined to examining the *achieved* functioning bundle only” (Sen, 1992: 53)<sup>228</sup>.

This is certainly problematic in regards to the criticism I have directed in chapter 2/Part II towards the official unidimensional poverty measure in Mozambique, and its failure to attract necessary policy attention that is required to eradicate poverty defined as the absence of some basic capabilities. The “Counting Approach” will be certainly reductionist as well, in order to produce statistical sound results. However, it has two advantages over the official measurement: it brings together more than 1 dimension of poverty, and it will help to place, if only indirectly, attention on necessary policy attention, namely to enhance people's real opportunity freedom. That is possible, because even by looking solely at achieved levels of functionings (such as looking at the highest educational degree obtained, or formal employment in the agricultural

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<sup>227</sup> In other words, Karl Jaspers' famous quote about *freedom* holds strong for research on Sen's CA: “*Der Mensch findet in sich, was er nirgends in der Welt findet, etwas Unerkennbares, Unbeweisbares, niemals Gegenständliches, etwas, das sich aller forschenden Wissenschaft entzieht: die Freiheit. (...) Freiheit ist weder beweisbar noch widerlegbar*” (“Man finds in himself what he finds nowhere in the world, something unknowable, unprovable, never objective, something that eludes all research-based science: freedom. (...) Freedom is neither provable nor refutable” (translation by author. Quoted in Weischedel, 2008: 268)) (Karl Jaspers (1883-1969), the great German philosopher who, with Martin Heidegger (1889-1976), is accounted for as the founding father of existential philosophy in Germany).

<sup>228</sup> Or selected functionings of that bundle indeed, a point highlighted in chapter 3/Part II.

sector, *inter alia*) as opposed to real opportunity freedoms, that these “simple observations of realized states may have direct relevance to the analysis of freedoms enjoyed” (Sen, 1992: 66). That is, because the “elimination of these unloved things, through public policy aimed at giving people what they want, can be seen as an enhancement of people's real freedom” (Sen, 1992: 66).

In other words, operating with data that actually captured functionings should be seen as “indirect indicators of the freedom to choose” (Kerstenetzky and Santos, 2009: 192). Hence, the “Counting Approach” is a more suitable measure for Mozambique, as it has the potential to direct policy makers into the direction of adopting support-led strategies, the appropriate macroeconomic strategy for countries with a low GDP and human development level. This rationale may have underpinned the intention of the authors of the MPI and their specific selection of poverty dimensions and indicators as well (Alkire and Santos, 2010). By choosing indicators of multidimensional poverty such as years of schooling (if no household member has completed 5 years of schooling), nutrition (if any adult or child in the family is malnourished), and electricity (if household does not have electricity), an positional improvement on the index will require an active focus by policy makers and their partners in development on the provision of these assets and services. In other words, lowering poverty will necessitate a strategy change of the countries’ respective PRSPs, which includes Mozambique (which was ranked as the 11<sup>th</sup> most multidimensional poor country on the MPI).

In sum therefore, because of the nature of capabilities and the framework's normative strength it is without a doubt that the “scientific method” for the analysis of capabilities is *not* superior to the philosophical method (or analytical reasoning/ critical reflection) as applied in Part I of this study and in chapter 2 and 3/Part II <sup>229/230</sup>. And

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<sup>229</sup> This would be certainly different when I would reduce the normative CA from its multidimensional nature into some of its components, i.e. if I would analyse solemnly capabilities in regards to education.

indeed, as of these named reasons I adopted a research approach in this thesis which has had various methodological tiers, as opposed to a thesis which solely followed one methodological approach. At the end, the indicator-based analysis of some real opportunities provision, such as access to public health and education services, is probably the strongest methodological approach to analyse the capability set *directly* for study designs at the macrolevel with a limited field component. The empirical method to re-measure poverty in Mozambique, important as it is to direct necessary policy attention on the provision of some basic capabilities for Mozambicans, has to adopt an indirect thinking of capabilities.

It was important to explicitly state these methodological limitations as it hopefully allows a very honest discussion of the upcoming results of the selection of poverty domains, and the subsequent measurement.

#### **4.4 Ideal List of Mozambique's poverty domains**

In the following an ideal list of poverty domains for Mozambique will be named. The results of the questionnaire, particularly the answers given by the participants in Step I, highlight the importance to link ill-being directly to the dimensions labour/livelihoods, education and health. "Good governance", or the absence of small and grant corruption, nepotism and favouritism, which was directly linked to the one party rule of

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In that case the normative section would be considerably shorter, whereas most focus would be on the methodological conduct of the study (tools and techniques for primary data collection, such as drawing counterfactuals, doing interviews, drawing life histories, etc.). This was not the intention of this study though, but may be adopted for my post-doc studies.

<sup>230</sup> Here I would like to share anecdotally my experience during the summer school on multidimensional poverty measurement and the HDCA annual conference in 2009 at the Pontifical Catholic University of Peru, Lima. Much frustration among participants was caused because of the complicatedness of measuring scientifically sound/robust/non-controversial results when poverty was defined in more than one dimension (it is certainly possible, though concessions are inevitable). Most people were not happy that identifying who is poor brought a "subjective" element into the "objective" exercise. In contrast, others have been frustrated when scientifically very sound papers were presented at the conference, yet they were not close applications of the normative theory of Sen's CA. It appears that doing concessions is part of the research process when operating with the CA.

FRELIMO, was singled out as another reason for the ill-being of many Mozambicans. In the following individual answers of the respondents will be discussed (which are kept anonymous upon mutual agreement).

According to one respondent, who conducted field research in the district *Massinga* in the province *Inhambane* shortly before participating in this research, one driver for poverty to arise and persist is “corruption” which heavily manifests peoples ill-being: “Those with some money who would like to invest in small business find the way closed by the inefficient bureaucracy and the hunger of bribe of the civil servants”. The problem with civil servants (police, teachers and health workers) is that they “are very badly paid and generally treat the common citizen in a very disrespectful way”. He places this in relation to the one-party rule of FRELIMO and its use of the state “to prevent other parties to grow and do their work”. One major problem is the government’s occupation

to show to the donor community the increase of figures without checking if they are working well. There are more schools and health units nowadays than 5 years ago, but the system works worse than 5 years ago because there has been an increase of the population and a decrease of % of teachers and doctors per person of the population.

These factors, in sum, lead to a “lack of confidence in political institutions”. The money that is actually earned by the people is invested in “construction and transport”, and to buy mobile phones. Buying “small technology to increase agricultural productivity” is not really done. Of further problematic is the quality of education in Mozambique: “Those young people who finish secondary level have a lot of problems to find a job”. Neither does the education system prepare them well enough to be hired by private companies. Hence, “education has a very low profile in the society”. In sum therefore, poverty is directly linked to high corruption levels, the poor state of the educational system and a lack of formal labour creation.

Another respondent linked poverty in Mozambique mostly to economic determinants. With barely 10% of the workforce formally employed, mostly even under precarious contract situations, all other life dimensions are affected in the wake. In this “living reality” the question of “capital” or “assets owned” (cattle, trees, machines, offices, etc.) is crucial: “Who does not have capital is a poor man”. This includes social capital as well. How well somebody is entrenched in society determines outcomes in health, education and economic transactions. Therefore, looking at labour and assets owned is important to assess a person’s standing in society.

A “lack of employment that inhibits people to have an income, especially in urban areas” has been singled out by another respondent as well.

One interviewee named the dimensions employment (access to multiple sources of monetary income from formal and informal labour, such as agriculture and fishing, industry and mining), education (which is important but not as important as employment, as there are entrepreneurs in the country who are “street smart”), and access to health services as *the* drivers of poverty.

An interesting response was given by one interviewee who highlighted the relativity of poverty and the resulting necessity to define poverty “under some specific circumstances”. People living below the official poverty line may feel subjectively not poor because they have a big field or other assets that they consider crucial as an livelihood insurance. What was considered certain though is that more positive progress would be observable in the reduction of poverty if the level of “corruption” was lowered, and the status of the “woman” in Mozambique were strengthened.

For another respondent the poverty dimensions of most importance are employment (30%), citizen power (20%), health (10%) and schooling (10%). For him,

“citizen participation in decision making, starting from municipality level” is the way forward to increase “political freedoms”.

For one interviewee, poverty is explicitly a multidimensional phenomenon:

Various dimensions interrelate in that it is difficult to reduce one dimension of poverty without making progress in others. Development requires progress in all of these areas. Ranking them is misleading in that it indicates that one area is now and forever more important than the other in the Mozambican context.

Against this general observation however, the respondent highlighted the necessity to achieve an increase in agricultural productivity amongst smallholders: “Agricultural productivity has not really been neglected in the public and political discourse. The problem is that efforts to enhance agricultural productivity have been ineffective”. Having access to education, on the other hand, is clearly improving. However, “this does not mean that agriculture ranks above education”. In other words, this respondent advocates for a holistic development model.

What he considers rather more overlooked in Mozambique’s poverty discourse “is the very high level of vulnerability that the large majority of Mozambican households are exposed to”. In terms of the presence or persistence of poverty, the presence is no surprise to him:

The country was poor before the civil war. It emerged in 1994 completely smashed with something like 80% of the population living in absolute poverty. Even under the most optimistic scenarios, it was going to take decades to bring poverty levels (almost regardless of how they are measured) down even to averages for sub-Saharan Africa. Households are mired in low productivity and high risk subsistence agriculture, for which reasons they are likely to remain poor for some time.

To conclude thereby, important elements to monitor include (in no particular order):

- consumption
- assets
- employment growth in the formal sector
- vulnerability



- child malnutrition
- access to and quality of social services, particularly health and education
- agricultural productivity
- quality of institutions
- gradual maturation of political process
- economic infrastructure

For another respondent the question of poverty in Mozambique is complex. “Before, poverty was conceptualised in terms of a lack of income necessary to purchase basics products for survival. But now, social aspects such as social exclusion, vulnerability, lack of opportunity, etc. are important as well”. As the greatest challenge for post-independence Mozambique she considers rural-urban migration and the resulting *urbanisation of poverty*:

Many times these people live in deplorable conditions, without decent housing, water supply or energy. They face a lack of employment or activity which provides an income, precarious hygiene conditions and an unbalanced diet with little proteins. These people are the most vulnerable in terms of hunger and malnutrition.

Hence, the reduction of “urban poverty in the principal cities, such as Maputo” should be a priority.

“Corruption is the major challenge” was the answer of another participant. The absence of a strong opposition party to FRELIMO, the lack of formal employment outside of the capital Maputo, and the large divide between rural-urban settings are all “serious drivers for poverty”. This necessitates pushing forward with judicial reforms, to increase access to credit for small-scale agri-business entrepreneurs, and to improve access to markets for farmers and producers (which includes an increase in local markets build, and an improved infrastructure, particularly the building of paved roads).

The large dependence of most Mozambicans on subsistence agriculture let another interviewee to conclude that access to land and cultivation is utterly crucial to reduce levels of absolute and extreme economic poverty. This goes along with access to

resources and infrastructure. Access to health and education, as well as fighting favouritism within FRELIMO has to be addressed in order to reduce poverty in the social and political spheres.

Finally, for Joseph Hanlon, who I contacted and who gave me explicit permission to quote him in my thesis, poverty is basically about a lack of cash income:

The basic problem of the poor half of Mozambicans is simply lack of money. Not enough cash. Average cash income in rural Mozambique is \$31 per person per year. That is not enough to cover basic needs which must be purchased. There is only one thing that needs to be counted, and that is the number of people with too little money to purchase basic necessities and to invest in increasing their income. That number is more than 10 million.

Aside of the answers of the participants in the questionnaire and interviews, possible poverty dimensions to choose from are also listed in the QUIBB ([http 109](#)). These “Core Welfare Indicators” were taken by the INE between October 2000 and May 2001 and covered almost 14,500 households nationally, of which 13,790 were finally interviewed (in comparison the 2003 DHS for Mozambique had a sample size of 12,315 households, the IOF 08 one of 10,832 and the IAF one of 8700. Therefore, the QUIBB is considered statistically representative for Mozambique). It captured basic indicators on household composition, employment or labour allocation by sector, education, and, from a capability perspective very importantly, “access to” indicators, such as access to hospital clinics, to water and schools ([http 96](#)). The Data files are aggregated into data on children, on households, and individuals. The dataset will be used to conduct the Counting Approach, and as base to draw the feasible list of poverty domains and variables.

Certainly, the nature of the survey inquiry, with its focus on “well-being”, outweighs the detriment fact that it was taken nearly nine years ago prior to the conduct of this study. However, this does not have a major effect on the overall estimation, for

two main reasons: firstly, the dataset was published in June 2008, wherefore it should be still considered as (relatively) new; secondly, datasets up to ten years of age are commonly used in studies to estimate poverty. The authors of the MPI for instance used DHS data from the years 2000, 2001 and 2002 for their analysis in a “policy-based exercise” (Alkire and Santos, 2010).

To conclude thereby and by taking into consideration the theoretical capabilities analysis of this thesis, and by triangulating it with the responses to the online questionnaire, the analysis of available datasets and participatory studies (QUIBB and PO), and own value judgements based on my knowledge of the country case, hence upon a E&P&Q *semi-opportunistic* study design in a *sequenced* fashion<sup>231</sup> (chapter 5.7; 5.7.2; 5.7.3/Part I), I would choose as an *ideal list of Poverty dimensions* the following five:

- Formal Employment/ Sufficient Livelihood
- Good Governance
- Education
- Health
- Social relations

These domains relate to the four dimensions of poverty as highlighted by the PO, namely economic, political, human and social poverty, and can be singled out as the main drivers for poverty to arise and persist in Mozambique. As they interlink and complement each other, an equal weighting system appears justified (although this remains open for debate). While indicators/variables for these dimensions weren't successfully singled out by respondents to the questionnaire, the paper based example in Appendix 11 put forward by the author of this study, although not a direct translation of

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<sup>231</sup> That is, the qualitative primary research followed the (opportunistic) analysis of quantitative survey results (QUIBB), participatory studies (PO) and own “ethnographic”, secondary research of available indicators and literature on the country case, to gain further insight into key dimensions of poverty to select for the country case Mozambique. This being said though, the study didn't follow a stringent “sequenced” timing, but was rather conducted in a “back-and-forth” fashion, that is, qual continuously informed quant and *vice versa* (5.7.4/Part I).

the above ideal list, gives an idea about possible options (in which the dimensions are also placed in direct relation to Sen's five instrumental freedoms). Yet, in light of the absence of relevant data, this is speculative. One has to operate with available datasets, hence has to be *opportunistic* (chapter 5.7.1/Part I), of which the QUIBB appears to have the greatest intersection with the ideal list of poverty domains as listed here. Therefore, the feasible list is oriented at domains and indicators as captured in this dataset.

#### **4.5 Feasible List of Mozambique's poverty domains**

In this section a *feasible list* of dimensions and indicators of poverty will be presented. As the study is applied at the macro level for the whole of Mozambique's eleven provinces, in order to compare poverty across the country, it is important to select dimensions, indicators and weightings which are adequate for the population as a whole (that is, for rural and urban Mozambique). To this end, the QUIBB dataset is a suitable information base as it equally covered all provinces and districts in Mozambique (the only district omitted was the *Mecula* District in the *Niassa* province). Having said this though, results of the measure will be decomposed into rural and urban areas (*Área de residência*).

The unit of analysis will be the household. Whilst this is certainly a divergence from Sen's individualistic CA, it was considered a worthwhile and necessary trade-off. The QUIBB contains useful variables on households *and* individuals, however, indicators of the household dataset are considered more relevant in order to highlight deprivations in the selected dimensions of poverty, particularly in relation to employment and livelihoods. In addition, only the household datafile is decomposed by region and area (urban-rural), which allows for the aforementioned decomposition of

measurement results. This being said though, the adoption of a simple multiplication, to be outlined in supoint 5.2/Part II, will allow the calculation of the percentage of people living in poverty (not the percentage of households living in poverty). This is particularly important for the comparison of the measurement results with the official poverty headcount in Mozambique of 54%, which reports individual poverty.

Due to the holistic nature of the CA, as well as the usual non-specification of weights from participants to the questionnaire, an equal weighting system between dimensions as well as between indicators will be used. This results in a “nested weighting system” (to be outlined in subpoint 5.1/Part II) which shall allow that multidimensional poverty across Mozambique’s socio-ethnic levels is compared in a balanced and non-patronage way.

As the dataset does not contain any meaningful indicators on social networks and relations, *feasibly* only four dimensions of poverty are to be incorporated in the actual measurement. Together with the corresponding indicators and individual poverty cutoffs ( $z$ ), these are listed in Table 12. They are placed next to the corresponding instrumental freedom(s) put forward by Sen in *Development as Freedom*. As both dimensions of human poverty, namely health and education, relate primarily to the same instrumental freedoms, namely social opportunities and protective security, I chose to mould them into one dimension of poverty. This shall also ensure that their weight in a nested weighting system will not contort the finding that, as dimensions of poverty, they are not more but equally important to the political and economic dimensions of poverty in Mozambique. Hence, the Counting Approach will operate with the following three dimensions of poverty.

**Table 12: Feasible List of Poverty Domains, Indicators, weightings and poverty cutoffs**

Sen's 5 instrumental freedoms	Dimension	Indicators/Variables	Equal/nested weighting scale (%)	Poverty Cutoff z: Poor if
Political Freedoms/ Transparency Guarantees	Good Governance	F14	33.3 (10/3)	If $\geq 3$
Economic Facilities	Employment/ Livelihood	H2 H3 F10	11.1 (10/9) 11.1 (10/9) 11.1 (10/9)	Yes/NO YES/NO If $\leq 2$
Social Opportunities/ Protective Security	Health  Education	G3 G4 G7f Heduc G7d	6.66 (2/3) 6.66 (2/3) 6.66 (2/3) 6.66 (2/3) 6.66 (2/3)	If $\neq$ piped water inside the house If = None or unimproved latrine If $\geq 30$ minutes If HH < primary degree If $\geq 30$ minutes

The QUIBB ([http 109](http://109)) will be used as data source for indicators in relation to employment/livelihoods, education and health. As it does not contain any meaningful “direct” data in relation to “political poverty”, I chose to use an indirect approach to measure “good governance”. By using the variable F14 (How often had the household problems meeting the food demand of its members in the last 12 months? *Quantas vezes teve problemas de satisfazer o AF en alimentaçaõ*)), in which households are considered poor if they had been exposed to food insecurity<sup>232</sup>, it is argued that this “food” variable hints towards the level of political freedoms in the country<sup>233</sup>. This rationale relates to

<sup>232</sup> Households are exposed to food insecurity if they had been categorized as 3 (sometimes (*algumas vezes*)) 4 (many times (*muitas vezes*)) or 5 (always (*sempre*)) having problems to meet the food demand of the household members in the last 12 months

<sup>233</sup> Initially I aimed to combine malnourishment of children under the age of five (through the Height for age ratio (or “stunting”)) combined with the BMI<18.5 of adults to assess this dimension, taken from the DHS 2003. Unfortunately, with the Counting Approach it is statistically not possible to merge two datasets, in this case the DHS and the QUIBB, for the same reasons as put forward by the Director of the World Bank’s research department Martin Ravallion in his criticism of the MPI: “The precise indicators used in the MPI were not in fact chosen because they are the best available data on each dimension of poverty. Rather they were chosen because the methodology used by the MPI requires that the analyst has all the indicators for exactly the same sampled household. *So they must all come from one survey.* There

Sen's writings on famines and poverty, in which he argues that famines, hunger, malnourishment and food insecurity are directly linked to "bad governance" (a point outlined at length in Part I of this study<sup>234</sup>). Certainly, "food", or "nutrition" more generally, is usually used to measure consumption and hence used as indicator on economic poverty or health (as done, for instance, in the MPI<sup>235</sup>). However, in this thesis F14 will pose as a reference indicator on "good governance", or "the exercise of economic, political, and administrative authority to manage a country's affairs at all levels", which includes "participation, accountability, transparency, consensus, sustainability, the rule of law, and the inclusion of the poorest and most vulnerable people in making decisions about allocating development resources" (Birner, 2007: 1). In other words, an improvement in this variable will indicate an improved political climate, a more equal resource distribution, and an improvement in the agricultural sector. Ultimately, it follows Kofi Annan's assessment that "Good governance is perhaps the single most important factor in eradicating poverty and promoting development" (former secretary-general of the United Nations in 1998, quoted in Birner, 2007: 1).

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is much better data available on virtually all of the components of the MPI, but these better data can't be used in the MPI since they are only available from different surveys" (Italics added for emphasis, [http 101](#))).

<sup>234</sup> Linking food insecurity to "bad governance" has appeared more frequently in past years. The Asian Human Rights Commission for instance constructs this link in an online article which is based on findings of the Global Hunger Index 2010 for Pakistan: "The Pakistani people are increasingly vulnerable to food insecurity because of the government's bad governance and its lack of political will to tackle hunger" ([http 100](#)).

<sup>235</sup> The MPI considers a nutrition indicator, comprised of the Body Mass Index of adults and child malnourishment (weight-for-age ratio for children under 5), suitable to measure the dimension "health". What is highlighted though is the weakness that neither the BMI nor child malnourishment takes into account "micronutrient deficiencies" (Alkire and Santos, 2010: 14). This is an important note with regards to my criticism of the official consumption-based poverty measure in Mozambique, and its non-accounting for of other information on nutrients than caloric intake (chapter 2/Part II). Neither the MPI nor my application of the "Counting Approach" will counter this problem directly. However, what I consider important and logically in line with my criticism is the deduction that I don't link food insecurity directly to health or consumption, but to political freedoms in Mozambique as only one dimension among others.

The selection of the other indicators from the QUIBB was guided by the innate criteria that each dimension should bring together, where possible, indicators that highlight real opportunity freedoms as well as achieved functioning levels (which are treated though as “indirect indicators of the freedom to choose” (Kerstenetzky and Santos, 2009: 192)). Hence, “access to” indicators have been selected alongside pure “functionings” indicators. For example, the education indicators Heduc (highest education level of Household Head (HH) (*Nível de educação mais alto do chefe do agregado*)) and G7d (Time to reach primary school (*Tempo em minutos para chegar á escola primária*)) aim to highlight both, achieved levels of functionings and the opportunity (or the lack thereof) to function. The poverty cutoff for Heduc was set when the HH does not have primary education, and for G7d if the time to reach primary school (with whatever means of transport) exceeds 30 minutes (here I follow the international recognised timely standard also applied in the MPI for *water* (dimension “standard of living”, variable on water: “clean water is more than 30 minutes walking from home” (Alkire and Santos, 2010: 7))).

The rationale for choosing H2, H3 and F10 for the poverty dimension employment and livelihoods was their potential to highlight, firstly, shortcomings in the creation of labour opportunities, particularly in the agricultural sector (H2: Any member of the household was employed as seasonal or casual farm worker in the last season? (*Algum membro do agregado familiar esteve empregue como trabalhador sazonal ou eventual na última campanha agrícola?*)); H3: The household receives remittances from a member who regularly works away from home? (*O agregado familiar recebe remessas regularmente de um membro que trabalha fora?*)), and secondly, the necessity to increase assets for an ensured livelihood, which is particularly important for the vast amount of Mozambicans living from subsistence farming (F10: How many sheep and



goats and other midsize animals belong to the household? (*Quantas ovelhas e cabritos e outros animais de médio porte que pertencem ao agregado familiar?*)). Simply speaking, economic poor are considered those households who solely rely on self-employment and tenuous subsistence farming to live from, without having any income (cash or in kind) generated from seasonal agricultural or other regular wage labour of a household member in the past 12 month (which was the time between October 1999 and September 2000)<sup>236</sup>, and whose livestock base is considered precarious (which is set at  $\leq 2$  midsize animals owned).

Health indicators were chosen that directly link a person's/household's well-being to water, sanitation and access to hospital clinics. G3 looks at the source of drinking water (*Qual é a principal fonte de água para beber?*), and poor are considered those whose source is putting households at risk for consuming contaminated water (if  $\neq$  piped water inside the house (*Água canalizada dentro da casa*)<sup>237</sup>). G4 assesses the sanitation system of households (*Que tipo de sistema de saneamento usa o agregado familiar?*), and considers those to be poor without latrine or whose latrine is unimproved (*Latrina não melhorada*). G7f is an “access to” indicator that measures the

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<sup>236</sup> There is a link here to the results of the TIA 2008, which looked at the mean and medium cash income of rural Mozambique (which found that rural Mozambicans earn only US\$1,43 per person per day, and the income poorest quintile only US\$1 per week). The low level of cash income stands in close relation to the lack of formal employment created, primarily in the agricultural sector. This again, as worked out in chapter 3/Part II, stands in close relation to the minimal state in Mozambique and its neglect to take a crafting hand in the productive sectors of the economy. As this has been identified as problematic for the poorest section of Mozambique, the “Counting Approach” aims to contribute to the necessary policy swift. Within its power, the measurement has the potential to help pushing unemployment levels down, because statistically, this will have an effect on the counted people living in multidimensional poverty. Certainly, this selection for income poverty (agricultural labour and livestock) may result in the underestimation of poverty for urban areas. Unfortunately, the QUIBB does not contain employment information decomposed by urban vs. rural areas, neither does it contain information on labour decomposed by economic sector beyond agriculture. However, since most impoverished Mozambicans live in rural areas from subsistence farming and work in the agricultural sector indeed, and the measurement aims to highlight identified areas of necessary policy action, this is a statistical detriment which can be coped with from this normative standpoint, and in light of the available data situation.

<sup>237</sup> Please note that this indicator attempts to relate to the demand of Mozambicans captured by the PO to get provided with “training so that the people themselves could construct improved wells, instead of waiting for them to be built by contractors at the State’s expense” (G20, 2004: 19). Hence, this indicator attempts to react to and highlight one identified real opportunity deprivation in the human poverty domain *in an indirect way*, which was identified in due course of the indicator-based capabilities analysis in chapter 3.4/Part II.

time it takes in minutes, with whatever means of transport, to reach the next hospital clinic (*Tempo em minutos para chegar á hospital o clinica*). Poor are considers those households who need  $\geq 30$  minutes (chosen based on the same rationale as with G7d<sup>238</sup>).

Following the rationale put forward by the OPHI, the chosen indicators aimed to represent accurately the chosen dimensions of poverty, whilst aiming for that parsimony is ensured (that is, “using as few indicators as possible to ensure ease of analysis for policy purposes and transparency” (http 97)). Additionally, and with the exception of indicators H2 and H3, indicators were chosen that “are not highly correlated”<sup>239</sup> (http 97).

Ultimately, a household is considered *multidimensional poor* if, and only if, it is deprived in some combination of indicators whose weighted sum exceeds 33.3% of deprivations (the poverty cutoff  $k$ ). This follows the rationale put forward by Alkire and Santos in the calculation of the MPI (2010: 19-20), to be further discussed in chapter 5/Part II.

#### 4.6 Recapitulation

In this chapter I presented the finding process of a feasible list of poverty domains, variables, and weightings for the re-measurement of poverty in Mozambique, following Alkire and Foster’s “Counting Approach”. The selection process followed the

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<sup>238</sup> Please note that the choice of both “access to” indicators is particularly open for debate. Despite its possible disadvantages their choice is based on the ground that they logically corresponded so well with Sen’s CA logic to remove “unfreedoms”. Also, they have clear and simple policy implications: reduce poverty by improving access to hospitals and primary schools (focus on and improve Mozambique’s infrastructure for instance, a problem in the country as highlighted in chapter 3/Part II, and a limitation of the official poverty measure which has been heavily criticised in subpoint 2.4/Part II. Hence, their incorporation has been considered logically coherent as a response to my criticism). Particularly indicator G7d reacts to the demand of Mozambicans captured by the PO to aim “at children who do not have the opportunity to attend school” (G20, 2004: 19). Hence, this indicator attempts also to react to another identified real opportunity deprivation in the human poverty domain, which was identified as well in due course of the indicator-based capabilities analysis in chapter 3.4/Part II.

<sup>239</sup> That is thematically (e.g. by taking sanitation, source of drinking water and access to hospitals as indicators for the dimension health, and not three homogenous indicators to assess a dimension, for instance all related to sanitation only for dimension health).

epistemological Q-squared rationale as discussed at length in chapter 5/Part I of this thesis, and it aimed to translate as closely as possible the normative theory of Sen into a practical application of the highest possible standard. To this end, being explicit about the selection process itself, as advocated for by Ingrid Robeyns, was considered part of the research itself.

With this specific selection applied it requires Mozambican policy makers and their partners in development to focus their attention *actively* on the improvement of people's well-being, by adopting support-led strategies within a neo-Keynesianist PPM model, in order to achieve a deduction in the then headcount ratio of multidimensional poverty. Certainly, any selection remains ultimately random and value laden, and hence discussable. Particularly if one considers the acknowledged role of human heterogeneities on the individual capability to translate available means into ends, any final selection is open for debate.

However, the advantages outweigh the disadvantages of this selection for a “paper-based exercise”, particularly if placed in direct comparison to the official unidimensional poverty measure currently applied in Mozambique. It is especially considered advantageous that indicators were selected for those dimensions of poverty considered of most importance as drivers of ill-being for Mozambicans, namely those in relation to an ensured livelihood, good governance and human dimensions of poverty, namely health and education. Having said that one shall not underestimate the role of social poverty in Mozambique, a dimension considered crucial in an ideal list of poverty, though untranslatable with the current availability of data. Also, in regards to political poverty (a.k.a. good governance), one should keep in mind the sole *indirect* character of the chosen indicator F14 to assess this poverty domain. Hence, the selection highlights the importance to conduct the indicator-based analysis of real opportunity

freedoms (in chapter 3/Part II) alongside the quantitative re-measurement of poverty, in order to provide a holistic analysis and evaluation of poverty as capabilities deprivation in Mozambique.

## 5 Multidimensional Poverty Measurement: Alkire Foster Method

The Multidimensional poverty methodology proposed by Alkire and Foster (2008b, 2009c) requires the conduct of two distinct steps: firstly, an identification step  $\rho_k$  ('who is poor'), that considers the range of deprivations people have to suffer from in order to be considered multidimensional poor, and secondly, an aggregation step, by which data on poor persons are brought together into an decomposable class of various poverty measures ( $M_\alpha$ ) (OPHI, n.d.: 1).

Technically speaking the "Counting Approach" can produce four related kinds of measures in the class  $M_\alpha$ , which employs the Foster-Greer-Thorbecke (FGT) metric from 1984<sup>240</sup>, adjusted to account for multidimensionality (Alkire and Foster, 2008b: 1). These are the headcount ratio ( $H$ ), which reports the percentage (or incidence) of people who are multidimensional poor; the breadth-adjusted headcount ratio  $M_0$ , which adds into  $H$  the (weighted) number of dimensions in which each household is deprived, hence it calculates into  $H$  the intensity of poverty,  $A$ .  $M_0$  is thus "calculated by multiplying the proportion of people who are poor by the average number of their deprivations ( $M_0 = H \times A$ )"; the poverty gap measure  $M_1$ , which "reflects the incidence, intensity and depth of poverty. The depth of poverty is the 'gap' ( $G$ ) between poverty and the poverty line ( $M_1 = H \times A \times G$ )"; and the squared poverty gap measure  $M_2$ , that reflects the incidence, intensity, depth of poverty and inequality among the poor (the squared gap,  $S$ ) ( $M_2 = H \times A \times S$ )" (http 98).

In regards to the data type which is necessary to use, it requires cardinal data to calculate  $M_1$  and  $M_2$ , whereas  $H$  and  $M_0$  can be calculated with ordinal *and* cardinal data. As most capabilities (and functionings) can only be represented in ordinal data, that is data whose values don't have any other meaning than their ordering (hence, data

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<sup>240</sup> The FGT measure was originally developed to calculate income poverty.

without cardinal meaning), and the feasible list for Mozambique is mostly ordinal indeed<sup>241</sup>, this measurement will calculate  $H$  and  $M_0$  only. This is a necessary concession when the measure is applied to translate the CA (e.g. the MPI is a pure  $M_0$  measure as well<sup>242</sup>). At the same time are these measures the most important ones in the  $M_\alpha$  class, as the Headcount ratio  $H$  is indeed the headline figure used in Mozambique (and in most other cases) to judge progress made on the country's poverty reduction efforts. Hence, recalculating  $H$  is a logical consequence of the criticism I raised in chapter 2/Part II of this study, and calculating  $M_0$  is considered crucial to analyse in detail the breadth of multidimensional poverty (to be explicated in chapter 5.1/Part II).

Ultimately, the intuition of the “Counting Approach” is that “it can distinguish between, for example, a group of poor people who suffer only one deprivation on average and a group of poor people who suffer three deprivations on average at the same time” (http 98). In other words, one household (or individual respectively) that is deprived in all dimensions of poverty at the same time is poorer than a household which is only deprived in one or less than all possible poverty dimensions.

In the next subpoint the notation (or mathematical structure) of the “Counting Approach” will be presented as used for in this particular case study. The notation is derived and adopted accordantly following the detailed explications of it in Alkire and Foster (2008b: 5-7), Alkire and Santos (2010: 9-11), and the OPHI webpage (http 97;

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<sup>241</sup> Four indicators are of cardinal character, namely F10, F14, G7f and G7d. Technically speaking, this would allow the calculation of  $M_j$ . However, for simplicity reasons, this measurement will calculate solely  $H$  and  $M_0$ . Hence, distinguishing between absolute and relative poverty, although theoretically possible with the calculation of  $M_1$  and  $M_2$ , won't feature in this application of the “Counting Approach” (this is a point that will be picked up in my post-doctoral studies). In addition, as the QUIBB survey has no panel character, distinguishing between chronic and transitory forms of poverty will not be possible as well. For a discussion on the problematic to bring together econometrically meaningful multidimensional and duration-adjusted poverty measures, please be referred to Vollmer (2010b: 164).

<sup>242</sup> Alkire and Foster actually argue that their proposed dimension-adjusted headcount ratio  $M_0$  can be viewed as a direct measure of ‘unfreedom’, which makes it particularly useful from a capabilities perspective: “Now suppose that our matrix  $y$  has been normatively constructed so that each dimension represents an equally valued functioning. Then deprivation in a given dimension is suggestive of capability deprivation, and since  $M_0$  counts these deprivations, it can be viewed as a measure of ‘unfreedom’” (Alkire and Foster, 2009c: 26).

98 and related materials provided on the webpage). Note that the notation of the “Counting Approach” in the available literature considers the individual as the unit of analysis.

## 5.1 Notation

$M_0$  measures multidimensional poverty in a matrix  $y$  with  $d$  dimensions<sup>243</sup> across a population of  $n$  individuals. Let  $y = [y_{ij}]$  denote the  $n \times d$  matrix of achievements for  $i$  persons across  $j$  dimensions. The typical entry in the achievement  $y_{ij} \geq 0$  represents individual  $i$ 's achievement ( $i = 1, 2, \dots, n$ ) in dimension  $j$  ( $j = 1, 2, \dots, d$ ). Each row vector  $y_i = (y_{i1}, y_{i2}, \dots, y_{id})$  gives individual  $i$ 's achievements in the different dimensions, whereas each column vector  $y_{*j} = (y_{1j}, y_{2j}, \dots, y_{nj})$  gives the distribution of achievements in dimension  $j$  across individuals.

The measure applies a “nested weighting structure”, which partitions the dimensions into equal weighted classes (Good Governance, Employment & Livelihood, Health & Education), then applies equal weighting within the members of the class. For that, the weighting vector  $w_j$  represents the weight that is applied to dimension  $j$ , for which  $\sum_{j=1}^d w_j = d$  notates that the dimensional weights sum up to the total number of dimensions ( $d = 9$ ).

To identify who is poor among Mozambique's population, a two-step procedure is applied using two different kinds of poverty cutoffs (or lines): one within each dimension to determine whether a person is deprived in that dimension (the *within dimension* cutoff  $z_j$ ), and a second across dimensions that ultimately identifies those

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<sup>243</sup> To avoid confusion: Alkire and Foster's term “dimensions” is what has been labeled “indicators/variables” in this paper (2008b: 5). In order to leave the notation unaltered, the original term has been adopted.

“multidimensional poor” by *counting* the dimensions in which a person is deprived (the *cross-dimensional* cutoff  $k$ ) (Alkire and Foster, 2008b: 1; Alkire and Sanots, 2010: 10).

For poverty cutoff  $z$ , “let  $z_j > 0$  denote the poverty line below which a person is considered to be deprived in dimension  $j$ , and let  $z$  be the row vector of dimension specific cutoffs” (Alkire and Foster, 2008b: 5). The next step is to apply the poverty lines, in that a person’s achievement is replaced with his or her status with respect to each cutoff  $z$  (http 97). In other words, replace all non-deprived entries with zero, and all deprived entries  $y_{ij}$  with the dimensional weight  $w_j$ . For that, define a matrix of deprivations  $g^0 = [g_{ij}^0]$  in which  $g_{ij}^0$  is defined by  $g_{ij}^0 = w_j$  when  $y_{ij} < z_j$ , and  $g_{ij}^0 = 0$  when  $y_{ij} \geq z_j$ . The  $i^{th}$  row vector of  $g^0$ , denoted  $g_i^0$  is person  $i$ ’s *deprivation vector*. In the next step it is necessary to *count* vertically down each column, using  $g^0$ , to construct a column vector  $c$  of *deprivation counts* that denotes the total number of weighted deprivations each person  $i$  experiences. Doing so results in  $c_j = \sum_{i=1}^d g_{ij}^0$ .

To define who is multidimensional poor, Alkire and Foster proposes to set a second poverty cutoff  $k$ , which is the poverty line that defines the minimum number of dimensions a person must be deprived in to be identified as multidimensional poor. In the usual literature on multidimensional poverty, two methods of identification have been commonly applied: in the *union approach* a person  $i$  is said to be multidimensional poor if she is deprived in at least one dimension of poverty, regardless of the weights assigned to the dimensions. This is usually considered as too inclusive though, in that entire populations of impoverished countries such as Mozambique will most likely suffer in at least one of the identified dimensions of poverty. Hence, the *union approach* tends to overestimate poverty.

The second is the *intersection approach*, in which a person  $i$  must be deprived in all dimensions of poverty to be labeled multidimensional poor. This, however, is



considered as too stern, and poverty will be underestimated. In both approaches setting  $k$  is unnecessary.

Alkire and Foster proposes now to take a *dual cutoff* approach to ultimately define who is multidimensional poor, by defining in addition to  $z$  a second cutoff  $k$ , which is to be set somewhere in between those two extremes  $k = 1$  or  $k = d$ . As this study operates with a “nested weighting system”, as opposed to an “equal weighting system”,  $k$  has to be reported in a percentage range, rather than a stringent variable range. To that end, a person is considered multidimensional poor in Mozambique if the weighted indicators in which s/he is deprived sum up to 33.3%. As in an equalled weighting system every variable would get a weight of 11.1% (9 variables \* 11.1% = 99.9%),  $k$  is set at 3 in this application, which means that a person has to be deprived in at least the equivalent of 33.3% of the weighted indicators in order to be labelled multidimensional poor.

To set the poverty line at this percentage, which corresponds to a range of *one to five indicators*, has two reasons: firstly it follows “good practice” as it is within the same weight range as used in the MPI, in which the measurement operates with 10 indicators and a percentage setting of  $k$  at 30%, corresponding to two to six indicators (Alkire and Santos, 2010: 19-20). Since varying  $k$  will result in poverty going up or down, in that  $k$  increases, poverty decreases and vice versa, setting  $k$  is a highly *subjective* or *normative* exercise in what ought to be an *objective* scientific application. Hence, following “good practice” appears to be a reasonable selection criterion (having said that, please see further analysis of results for different settings of  $k$  in subpoint “5.2 Results”).

The second reason to set  $k$  at this range is to take account of the current poverty situation in Mozambique, and the feasibility to have “good governance” incorporated in

the measurement. Technically speaking, any person deprived in variable F14 is labelled “multidimensional poor”, even if it is only this one dimension she must be deprived in. However, it is almost unthinkable that a food deprived person would *not* be deprived in one or more of the other eight variables of multidimensional poverty (which is certainly an assumption based on Sen’s analysis for the reasons and effects of famines and food insecurities). Therefore, having only one variable in the dimension “good governance” is certainly suboptimal from a semantic point of view (a point Alkire and Santos were apparently eager to avoid by assigning  $\geq 2$  variables to each dimension of poverty), though justifiable concerning that political indicators didn’t feature in the QUIBB, and in light of the relevance of food security on a person’s ill-being and hence poverty status. Hence, the difference of this applied dual cutoff method to the union approach rests upon the weights assigned to the dimensions.

To place this theoretical discourse into a formula, in  $\rho: R_+^d \times R_{++}^d \rightarrow \{0,1\}$ , let  $\rho_k$  be the *identification function* and apply  $k > 0$  across the column vector  $c$  to obtain the set of poor persons. Censor all nonpoor data from a person  $i$ ’s achievement vector  $y_i \in R_+^d$  and cutoff vector  $z$  in  $R_{++}^d$ . To do so, give  $\rho_k$  the value of 1 for  $c_i \geq k$ , and  $\rho_k(y_i, z) = 0$  when  $c_i < k$ . In other words, if a person  $i$ ’s weighted deprivation count is equal to or greater than  $k=33.3\%$ , she gets the value 1 as she’d be considered multidimensional poor. The data is subsequently censored from people who are deprived but non-poor given  $k$ , by constructing a second matrix  $g^0(k)$  which contains “the weighted deprivations of all persons who have been identified as poor and excludes deprivations of the non-poor” (Alkire and Santos, 2010: 10).  $g^0(k)$  is obtained from  $g^0$  by replacing its  $i^{th}$  row of  $g_i^0$  with a vector of zeros whenever  $\rho_k = 0$ . From  $g^0(k)$  a *censored vector of deprivation counts*  $c(k)$  is constructed, which denotes the total

number of weighted deprivations each multidimensional poor person  $i$  experiences. In notation:  $g_{ij}^0(k) = g_{ij}^0 \rho(y_j, z)$  and  $c_j(k) = c_j \rho(y_i, z)$ .

Following the identification of “who is poor” and the censoring of the data, the second step of the “Counting Approach” is to aggregate the data into the (multidimensional) headcount ratio  $H$ , which depicts the percentage of persons who are multidimensional poor, and the dimension adjusted headcount ratio  $M_0$ , which shows the prevalence (or breadth) of poverty. This is done by multiplying  $H$  with the “average” number of dimensions in which all poor people are deprived ( $A$ )<sup>244</sup>.

To calculate  $H$ , divide the number of poor people  $q$  by the total number of people  $n$  ( $H = \frac{q}{n}$ ).  $H$  is certainly useful to depict the *incidence* of poverty, but “it does not increase if poor people become more deprived, nor can it be broken down by dimension to analyse how poverty differs among groups” (http 97). As this violates what has been labelled *dimensional monotonicity*, that is if a poor person becomes deprived in an additional dimension the measure should depict this through an increase in overall poverty,  $M_0$  needs to be calculated (which respects this particular property).

To do so, the *average deprivation share* among the poor  $A$  needs to be calculated (in the literature also referred to as the *average poverty gap*). This is done by adding up the proportion of total deprivations each person suffers divided by the total number of poor persons (http 97). With  $\frac{c_j(k)}{d}$  indicating the “fraction of weighted indicators in which the poor person  $i$  is deprived” (Alkire and Santos, 2010: 10), and the average of that fraction among those identified as poor  $q$  is  $A$ , the *intensity* of multidimensional poverty is captured. In notation:  $A = \sum_{i=1}^n c_j(k) / dq$ .

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<sup>244</sup> Note that  $M_0$  is the “the weighted sum of the deprivations the poor experience divided by the total number of people times the total number of dimensions considered” (Alkire and Santos, 2010: 10). In notation:  $M_0 = \sum_{i=1}^n \sum_{j=1}^d g_{ij}^0 / nd$ .

$M_0$  then is calculated by multiplying incidence and intensity of multidimensional poverty, hence  $M_0=HA$ <sup>245</sup>. This satisfies *dimensional monotonicity*, which follows the logic that in two societies with the same incidence of poverty that society is poorer in which the intensity of poverty is greater. In the words of Alkire and Santos:

a society that has 30 percent of its population in poverty where – on average – the poor are deprived on average in six out of ten dimensions seems poorer than a society that although also having 30 percent of its population in poverty, the poor are deprived on average in three out of ten dimensions (2010: 10-11).

In addition  $M_0$  also satisfies the desirable property *decomposability*<sup>246</sup>, which allows decomposing poverty by dimension and population subgroups. Dimensional decomposability is possible by taking  $M_0 = \sum_{j=1}^d \mu(g_{*j}^0(k))/d$ , in which  $g_{*j}^0(k)$  is the  $j^{th}$  column of the censored matrix  $g^0(k)$ . Dimension  $j$ 's contribution to multidimensional poverty is expressed as  $Contr_j = (\frac{\mu(g_{*j}^0(k))}{d})/M_0$ .

Subgroup decomposability is also satisfied for which overall poverty equals the weighted average of subgroup poverty, where weights are subgroup population shares (Alkire and Foster, 2008b: 13). This can be calculated by taking, for instance, two distributions  $x$  and  $y$  for two population subgroups  $n(x)$  and  $n(y)$  (such as urban and rural Mozambique), for which the weighted sum of the subgroup poverty levels (in that weights refer to population shares) equals the overall poverty level obtained when the two subgroups are merged. In the following notation the total populations is noted as

$$n(x, y) \text{ (Alkire and Santos, 2010: 11): } M_0(x, y; z) = \frac{n(x)}{n(x,y)} M_0(x, z) + \frac{n(y)}{n(x,y)} M_0(y, z) .$$

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<sup>245</sup> Alternatively,  $M_0$  can be calculated by looking at *the arithmetic mean operator*  $\mu$  of the matrix  $g^0(k)$ . In notation:  $M_0 = \mu(g^0(k))$ .

<sup>246</sup> In addition to *dimensional monotonicity* and *decomposability*  $M_0$  satisfies the following properties as well: replication invariance, symmetry, poverty focus, deprivation focus, weak monotonicity, non-triviality, normalisation, and weak re-arrangement (Alkire and Santos, 2010: 11 (fn. 11)). A detailed explication of these can be found in Alkire and Foster (2008b: 13-19).

Decomposing poverty is certainly useful for specific pro-poor targeting. However, it has to be beared in mind that the measure operates with nested weights, wherefore interpreting the results should be seen as part of the measurements' exercise. For instance, the measure could reveal that the impact of health on poverty is relatively low, but on the ground it can have strong implications on the other variables of poverty indeed. Hence, data results should be seen as a mere guide for policy makers that requires further qualitative work, a point strongly emphasized by Sabina Alkire during the OPHI 2009 Summer School on Multidimensional Poverty Measurement at the Pontifical Catholic University of Peru in Lima (27 August 2009 – 08 September 2009). This rationale has undermined my motivation to conduct, in addition to the re-measurement of poverty, an indicator-based analysis of real opportunity deprivations in chapter 3/Part II. In the next subpoint results of the measure will be presented.

## 5.2 Results

Appendices 12 and 13 present the STATA do-file<sup>247/248</sup> and the log-file for the “Counting Approach”. The calculation of multidimensional poverty reveals a situation for Mozambique which has to be described as dire. Whereas the official measurement of the headcount ratio  $H$  in Mozambique assumes the percentage of people living in poverty at 54%, my measurement found that 98.1% of Mozambicans live in poverty.

What is interesting to observe is that with  $k=1$  (that is 11.1% in an equal weighting system = two health or education variables or one employment/livelihood variable in the adopted nested weighting system), poverty is certainly overestimated, as

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<sup>247</sup> Please note that in order conduct statements about the percentage of people living in poverty I had to create the variable `hhpond`, which is the QUIBB variable `hhweight * number of members of the household`. With `hhpond` the headcount ratio will present the percentage of people living in poverty, whereas with `hhweight H` would have been percentage of households living in poverty.

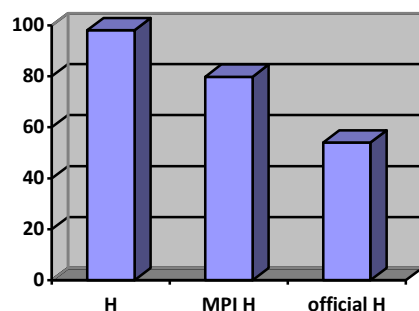
<sup>248</sup> Please note that working with the QUIBB required some “data cleaning”. As one can see in the do-file, I've had to clean the data sample from “missing values” (e.g. for variable “`heduc`”: replace `HHeducation=.` if `heduc==""` | `heduc=="."` | `heduc=="?"`), and values taken for interviews which lasted 0 minutes (keep `durint` if `>=1`), which resulted in the elimination of 442 cases.

with this *union approach* 100% of Mozambicans would live in poverty  $H$ . With  $k=3$  (or 33.3%),  $H$  lowers to 98.1%. Certainly, one may argue that this is too much as well; however, concerning that even with  $k=4$  (44.4%) 92.7% would still be reported poor in the headcount ratio, it would need a lowering to  $k=5$  (55.5%) to finally achieve a substantial decrease in  $H$ , namely down to 77%. Even then,  $H$  would be substantially higher than the official headcount ratio, although lower than the  $H$  results of the MPI (in which Mozambique's  $H$  is 79.8% for  $k=30\%$ ). The following Table 13 will present  $H$ ,  $A$  and  $M_o$  of my measurement application, and in Chart 2  $H$  will be compared to the results of the MPI and the official poverty headcount  $H$  in Mozambique.

Table 13: Multidimensional Poverty in Mozambique (with results for equal weights between variables presented in brackets)

H	A	$M_o$
98.1% (99.4%)	77.7% (81.2%)	76.2% (80.7%)

Chart 2: Multidimensional Poverty in Mozambique compared to MPI results and official  $H$  for Mozambique



What is particularly interesting to compare is the result of the MPI and my measurement results. The MPI finds that 79.8% of Mozambicans live in poverty ( $H$ ). The reasons for the difference between the MPI result and mine can be found in the selection of variables (particularly its incorporation of Standard of Living indicators), as

well as the dimensions' respective weightings, which gives education and health individually a weight of 33.4%.

Certainly, one might argue that  $H=98.1\%$  still overrepresents poverty in Mozambique. I leave this point open for debate. In defense of the figure I'd like to highlight this thesis' attempt to evaluate and measure poverty in Mozambique in a way that represents as closely as possible the actual situation on the ground. Hence, I consider the selection of variables and their individual cutoffs  $z$  reasonable concerning my empirical research on the country case. Applying  $k=3$  appeared sensible as well, concerning that its setting followed good practice and in light of its subjective nature (as its placement has to be determined by the author of the study, any placement can be contested). If the then calculated results turn out to report an incidence of poverty close to 100%, it seems unfair and inconsistent with the normative philosophy discussed in Part I of this study to alter the selection process in order to achieve lower results that may seem less dramatic and controversial. Certainly, it comes with a shock that poverty shall befall 98.1% of Mozambicans; yet, shockingly high is the MPI result for Mali, Ethiopia and Niger as well, for which  $H$  was respectively calculated as 87.1%, 90% and 92.7%. And further, shockingly low is the median cash income for rural Mozambique, as captured by the TIA 2008, which found that the lowest section of rural Mozambicans have to live off a cash income of less than US\$1 *per week*; and the incidence of income poor who fall below the US\$2 a day threshold, which for Mozambique is 90%, is shockingly high as well. Hence, I consider  $H=98.1\%$  a reasonable result once one is overcoming the initial shock (please also note that with the application of an equal weighting system among indicators poverty would be even higher in the three measures of the  $M_\alpha$  class).

This being said though, what is planned for my post-doctoral studies is to conduct further robustness tests, by varying indicators, individual cutoffs  $z$ , the cross-dimensional cutoff  $k$  and the weighting<sup>249</sup>. The only robustness test conducted for this study has been a basic *dominance* analysis for poverty decomposed by area, which found that measurement results are robust to changes in  $k$  values (please see results embedded in the analysis of results of Table 14 below). Additionally, robustness was selectively tested by comparing measurement results with an equal weighting system between variables, which found that the adopted nested weighting structure appears more sensible to translate the *ideal list* of poverty domains than its alternative. This will become particularly obvious for the analysis of the dimensional contribution to  $M_0$  (please see the analysis of results of Table 15 below).

Also, what neither the MPI nor my measure is telling us is the depth of poverty  $M_1$  and the inequality among the poor  $M_2$ . This is a point which I plan to tackle in my post-doctoral studies as well. Hence, it will be very interesting to conduct more robustness tests and calculations of other measures of the  $M_\alpha$  class.

What is calculated though is the breadth-adjusted headcount  $M_0=76.2\%$ , which represents the proportion of the poor ( $H=98.1\%$ ) and the average intensity ( $A=77.7\%$ ) of their deprivation (in other words, the average deprivation share of those identified as poor is  $77.7\%$ ). Please note that  $M_0$  will always be lower than  $H$ , as it adjusts the percentage of the multidimensional poor by the average deprivation share among the poor.  $M_0$  is a very useful measure particularly for the analysis of subgroup contribution

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<sup>249</sup> Please note that the OPHI for instance published their robustness test for their weightings of the MPI approx. half a year after the publication of their index ([http 108](http://108)). At various points of the MPI Alkire and Santos state that much work needs to be done in subsequent papers (for instance on 2010: 17: “In subsequent versions of this paper, we will present decompositions and correlations of poverty and household size to explore vigorously any potential biases” (please see also 2010: 29)). Hence, I will need to operate in a similar fashion in my post-doc studies, as the robustness tests are too comprehensive to conduct in due research for this thesis.

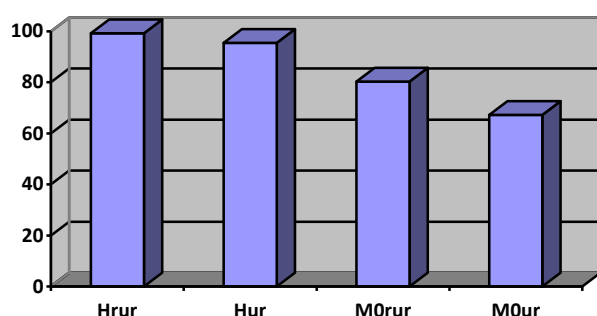


to overall poverty (please see Table 14). In the following Table 14  $H$  and  $M_0$  are decomposed by rural and urban areas, and Chart 3 presents graphically the results.

Table 14:  $H$  and  $M_0$  decomposed by area (with results for equal weights between variables presented in brackets)

H <sub>rur</sub>	H <sub>ur</sub>	M <sub>0</sub> <sub>rur</sub>	M <sub>0</sub> <sub>ur</sub>
99.3% (99.9%)	95.5% (98.2%)	80.3% (86.2%)	67.3% (68.9%)

Chart 3:  $H$  and  $M_0$  decomposed by area



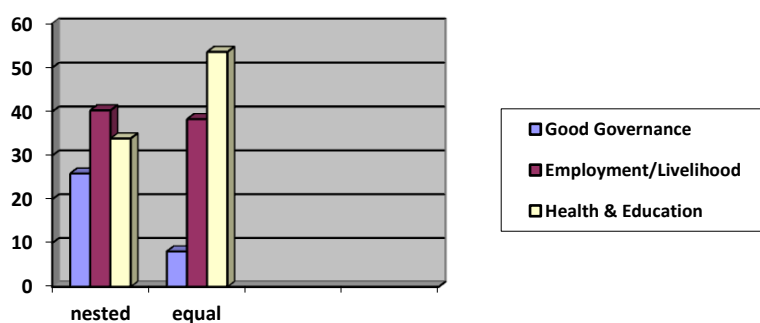
What is interesting to observe is the difference between  $H$  and  $M_0$  decomposed by rural and urban areas. Whereas the measure reports 99.3% for  $H$  in rural Mozambique (for  $k=3$ ), and 95.5% for urban areas, this alters quite intensively in  $M_0$ , which reports 67.2% for urban Mozambique ( $A=70.5\%$ ), in comparison to 80.3% for rural Mozambique ( $A=80.9\%$ ). In other words, while the difference between the incidence of poverty across Mozambique is marginal at best, the intensity of deprivations suffered among the poor is substantially higher in rural Mozambique, resulting in a higher prevalence of poverty in rural Mozambique (even more so with an equal weighting system among variables). As this satisfies *dimensional monotonicity*, rural Mozambique needs to be considered poorer than urban Mozambique (this rationale has been outlined in subpoint 5.1/Part II). Additionally, the proportion of poor people is higher in rural areas independently of the number of dimensions considered. This *dominance* gives  $k$  a certain robustness and adds to the confidence levels of the

measurement results, in that independently of changes in  $k$  rural poverty will always be equal to or higher than urban poverty (or that rural poverty dominates urban poverty for all  $k$  values). Finally, to see results of the decomposition of  $M_0$  by variable and by dimension, please have a look at Table 15 and Chart 4.

Table 15:  $M_0$  decomposed by variable (with results for equal weights between variables presented in brackets)

F14	H2	H3	F10	G3	G4	G7f	HEDUC	Gfd
25.9%	13.5%	13.7%	13.1%	9%	8.4%	6.9%	6.3%	3.3%
(8.1%)	(12.9%)	(12.9%)	(12.5%)	(14.3%)	(13.3%)	(11%)	(9.9%)	(5.1%)

Chart 4:  $M_0$  decomposed by poverty dimension (presented for the nested and equal weighting system)



The most important contributor to  $M_0$  is the variable f14 (food) of dimension “good governance” (25.9%). Within dimension “employment/livelihood”, all variables under concern are equally important among themselves, with values around 13.5%. The greatest differences emerge in dimension “health & education”, in which the health variables g3 and g4 are slightly more contributing to poverty than the chosen education indicators. This is an interesting observation, as within this dimension an equal weighting system has been applied, which reflects the slightly greater importance of health (particularly water and sanitation) as a driver of poverty than education. By comparing the two “access to” indicators g7f and g7d it appears as well that access to hospitals (6.9%) is more troublesome than access to primary schools (3.3%) (which is

not a surprise since there are usually more schools than hospitals). Ultimately, dimension “employment/livelihood” is the biggest contributor to  $M_0$  with 40.3%, followed by “education & health” with 33.9% and “good governance” with 25.9% (the contribution of each dimension is calculated as the sum of the contribution of each indicator (Alkire and Santos, 2010: 36)).

Yet, as previously stated, due to the nested weighting structure, the individual impact of the variables in dimension “education & health” on  $M_0$  is naturally below the impact of the variable f14 of dimension “good governance”. Choosing a nested weighting structure aimed to highlight the current situation in Mozambique and the assessment of the author and his research partners that in the contemporary poverty discourse the dimensions “good governance” and “employment/livelihood” are equally in need of getting addressed than the other dimension “education & health”, which certainly has a strong normative importance from a capabilities perspective. That in the subsequent calculation based on QUIBB results the dimension “good governance” ends up contributing the least to  $M_0$  should be seen as the result of the absence of suitable political indicators in QUIBB and the necessity to work solely with one variable in this dimension. Hence, the results, although statistically accurate, shouldn’t be taken face value to design pro-poor targeting based on the decomposition by variables.

This is particularly worth noting when placed in comparison to dimensional poverty contribution following the application of an equal weighting system among variables. By doing so, variable g3 (source of drinking water) is with 14.3% the greatest driver of poverty in Mozambique, followed by g4 (sanitation system) with 13.3% and the three employment/livelihood variables with approx. 12.8% each. F14, the most important variable in the nested weighting structure, loses in importance and contributes only 8.1% to  $M_0$ , the second lowest contributor altogether (only beaten by g7d (access

to primary schools), which remains even within an equal weighting system among variables the lowest contributor to poverty). This results in dimension “health & education” being the biggest contributor to poverty with 53.6%, followed by “employment/livelihood” with 38.3%, and “good governance” with 8.1%.

Certainly, applying an equal weighting system would have made sense if indicator f14 had been used to represent economic poverty or a lack of consumption. However, by using it to represent “good governance”, a concession in light of the absence of political indicators in QUIBB, the nested weighting structure was considered necessary to highlight the importance of the political poverty dimension for Mozambicans. This shall ensure that data limitations and statistical constraints do not interfere or alter the normative strength of the indicator-based analysis of poverty in Mozambique, which found “bad governance” to be among the worst drivers for poverty to arise and persist in the country. This is a point I explicitly wish to make also in light of the MPI, which features none suitable indicator to capture political and/or economic poverty. This omission is suboptimal from my point of view.

### **5.3 Recapitulation**

In this chapter I re-estimated poverty for Mozambique, by using the multidimensional poverty methodology proposed by Alkire and Foster (2008b, 2009c). It found that with the selected feasible list of poverty dimensions, indicators, individual cutoffs  $z$ , the cross-dimensional cutoff  $k$  and a nested weighting structure for Mozambique, 98.1% of its population has to be considered poor. This stands in stark contrast to the official poverty headcount  $H$  of 54%, and is even more dramatic than the resulted  $H$  of the MPI for Mozambique (79.8%).

Whereas urban and rural Mozambicans are nearly equally affected by poverty ( $H_{rur}=99.3\%$ ;  $H_{ur}=95.5\%$ ), the intensity of deprivations (or average deprivation share) of those living in poverty is greater in rural areas than in urban areas ( $A_{rur}=80.9\%$ ;  $A_{ur}=70.5\%$ ). This means that rural Mozambicans have to be considered “poorer” than urban Mozambicans, in that rural poverty has a higher “prevalence” ( $M_{0rur}=80.3\%$ ;  $M_{0ur}=67.3\%$ ). Therefore, it is recommended to place a special policy attention onto rural Mozambique.

On average, it was found that the breath-adjusted headcount ratio is  $M_0=76.2\%$ , which means that poverty has a greater prevalence than found with the measure of the MPI for Mozambique ( $M_0=48.1\%$ ). Both measures should be seen though as complementing each other and in comparison to the reductionist unidimensional headcount calculation for Mozambique adopted in PARPA II, rather than suitable to compare results between the two of them, as they have operated with very different poverty dimensions and indicators.

Concerning the individual contribution by dimension to  $M_0$  it was found that within a nested weighting system, which was adopted to ensure that the selected poverty dimensions are equally treated within the measure, the biggest contributor to poverty was dimension “employment/livelihood” with 40.3%, followed by “education & health” with 33.9% and “good governance” with 25.9%. Although it was highlighted that the adopted weighting structure has an effect on the interpretation of results, it can be recommended to focus policy attention on the creation of formal labour in the agricultural sector, tackle issues of accountability and good governance to increase food security, and to invest in human dimensions of poverty, particularly into water and sanitation. Education is the least contributor to poverty, a quantitative finding which is in line with the qualitative findings of the indicator-based analysis of chapter 3.4/Part II.

Yet, concerning the *intrinsic value* of education to live a life one values (Sen's CA logic), one shall not consider education not worth strengthening from a policy perspective. In addition, the measurement is not suitable to make judgments in regards to the quality of education in Mozambique, which is an important point to stress, as it leads to a crucial point of this recapitulation, which is that the results and given recommendations are based on a quantitative analysis, and hence need to be treated with caution. The measurement didn't capture the plethora of well-being indicators of QUIBB; neither can it be considered informative on dimensions of poverty highlighted as important in an *ideal list* of poverty domains, though omitted in the measure due to statistical constraints and data limitations, namely the dimension social poverty. So even though the measure is more comprehensive and inclusive than the official unidimensional measure adopted in PARPA II, it ultimately remains reductionist as well, an *indicative estimation* in need for further robustness tests and triangulations with qualitative research techniques (which are though beyond the scope of this study, and are intended for my post-doctoral studies).

Ultimately though, what should be achieved, from the point of view of this author, is that this "paper-based exercise", within its confines of influence, is not only thought-provoking and discussion-sparking, but that it may also contribute to the macroeconomic policy shift as advocated for in this thesis, as a deduction in  $H$  and  $M_0$  will require Mozambican policy makers and their partners in development to focus their attention *actively* on the improvement of people's well-being, by adopting support-led strategies within an interventionist neo-Keynesianist PPM model, one that requires good governmental work as its basis.

## General Conclusion

This dissertation set out to evaluate poverty in Mozambique by following a coherent application of Sen's CA. To justify the choice of this evaluative framework over its peers the dissertation applied detailed theoretical and hermeneutic reasoning in Part I, in order to prove the thesis' two hypothesis/propositions:

If poverty is inter-subjectively understood as a multidimensional phenomenon, then Amartya Sen's concept of poverty, the Capability Approach, ought to be used as the evaluative framework.

If poverty is conceptualised as the deprivation of capabilities, then the mixed research method (quantitative and qualitative) ought to be used to determine and weight valuable capabilities (subsequently labelled Q-squared).

The study concluded that Sen's radically underspecified framework has *substantial* advantages in comparison to its peers in ensuring prolonged pro-poor policies, as it notions the poor as active agents of change, is sensitive to human heterogeneities, is active whilst possibly remaining indirect (that is, it focuses on the expansion of opportunity freedoms, not on the agent herself), is ethically individualist in an ontological un-solipsist world, and addresses questions of relevance in poverty analysis in a balanced coherency. It was argued that as an outcome and status oriented framework of "well-being" it *matches* particularly well the intersubjective *contemporary* understanding of poverty as "multidimensional ill-being", that is, a scant living status in society.

It was further argued that for the determination of valuable capabilities a Q-squared research design is the best option to ensure the display of the framework's full potential in regard to freedom of choice, individual autonomy and social responsibility, the latter considered the contemporary reason from referring having a Hobbesian element to incorporate in the proposition's analytical vignette. The argumentation

arrived upon a theoretical and hermeneutical analysis of epistemological, ontological and practical considerations regarding this research approach.

Applying Sen's CA as the evaluative framework was additionally considered justified following an empirical analysis in Part II of the study, which found that Mozambicans themselves perceived poverty of being "the impossibility, owing to inability and/or lack of opportunity (...) to have access to the minimum basic conditions, according to the society's basic standards" (GdM, 2006: 8).

In conceptualising poverty as the absence of some *basic capabilities* in Mozambique it was argued that the analytical vignette of the CA allows for a coherent and *balanced* evaluation of living realities in Mozambique, one that provides existing empirical work "a sort of theoretical umbrella" (Robeyns, 2002a), as the CA widens the *informational base* of poverty evaluations.

One of the main findings of the analysis was that the official Mozambican poverty headcount ratio of 54%, the estimation of the percentage of the population living in poverty used as the headline figure to direct legislative policy and to judge progress made on achieving the self-set goal and MDG Goal 1 to substantially reduce the number of people living in poverty, is one that is set to low.

The re-measurement of (multidimensional) poverty adopting Alkire and Foster's "Counting Approach" revealed that actually 98.1% of Mozambicans have to be considered of being *multidimensionally poor*. The thesis justified the *selection* of poverty dimensions, indicators, their individual cutoffs  $z$ , the weightings, and dimensional cutoff  $k$  used in the measure in chapter 4/Part II, by following Sen's normative reasoning and a Q-squared research design for Mozambique. The utilisation of a multidimensional poverty measure was derived from the thorough critique raised in chapter 2/Part II of the official unidimensional poverty measure in Mozambique, in



which the measure's unsuitability was highlighted to attract necessary policy attention that is required to eradicate poverty defined as the absence of some basic capabilities.

By applying an indicator-based approach to analyse “real opportunity deprivations” for Mozambicans in chapter 3/Part II, which was considered the correct evaluative focus to assess poverty and social arrangements at large in Mozambique (a point outlined in chapter 3.3.6/Part I), and which found that Mozambicans are heavily capabilities deprived in four key dimensions of value (in the economic, political, social and human domains<sup>250</sup>), it was worked out that PARPA II, the country's PRSP, is in its current market-driven neoliberal and monetarist alignment not a suitable directory to achieve the necessary capability expansion for pro-poor economic growth (PPG). Based on the findings it was advocated for to alter PARPA III, presented at the MPD in October 2010, towards the adoption of a multidimensional poverty measure (for which my experimental, indicative “paper-based application” was considered suitable as “food for thought” to spark an overdue discussion), and towards the adoption of support-led strategies within a neo-Keynesian Pro-poor Macroeconomic (PPM) framework.

Due to the complications attached of researching “freedoms to achieve”, particularly “positive liberties” on the macro-level, a multi-tiered research approach was chosen, which investigated various research questions through an interdisciplinary study design that explicitly involved the application of multiple value-judgments, and in due course ambitioned to produce *authoritative* findings and demands. This was considered logically coherent against the problem to investigate such an elusive phenomenon as *poverty as unfreedom*, the adopted philosophical notion of poverty in this thesis.

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<sup>250</sup> The identified functionings have been regarded as being valuable for a broad range of Mozambique's poor (hence they have been identified as non-trivial, non-evil or non-undesirable), as sensitive to future generations' functionings, and as manageable in scope (with four dimensions of value the capability set hasn't been too demanding). With this selection I followed the rationale for selecting dimensions as outlined in chapter 3.15/Part I.

The adoption of this multi-tiered research design, spanning a philosophical discussion of the normative strength of Sen's CA, over a theoretical critique of the official poverty measure in Mozambique, an indicator-based analysis of real opportunity provisions for Mozambicans, to a Q-squared based quantitative re-measurement exercise of multidimensional poverty in Mozambique, was thought of being mutually complementary and supplementary, and hence in the tradition of Charles Booth's initial research on poverty in Victorian London in the 1880s (chapter 5.3/Part I). The research resulted in the publication of various papers and book reviews produced in due course of the research in the refereed *African Studies Quarterly* (Vollmer, 2009), *African Affairs* (Vollmer, 2010a), the *Journal of Human Development and Capabilities* (Vollmer, 2010b), *Global Affairs* (Vollmer, 2010c), the *In-Spire Journal of Law, Politics and Society* (Vollmer, 2011a) and *The Diplomatic Insight* (Vollmer, 2011b).

Further papers are planned for submission to the *African Studies Review* and the *Journal of Development Studies*, to publish further parts of the indicator-based analysis of chapter 3/Part II, and the re-estimation of poverty of chapter 4 and 5/Part II.

For my postdoctoral studies I plan to address some issues of the thesis which were beyond the scope of analysis, particularly the conduct of robustness tests of the "Counting Approach" of chapter 5/Part II; that is to vary indicators, individual cutoffs  $z$ , the cross-dimensional cutoff  $k$  and the weighting for my selection choices, which will also allow for the calculation of  $M_1$  (depth of poverty, important to distinguish the absolute from the relative poor) and  $M_2$  (inequality among the poor) of the  $M_\alpha$  class. Additionally it would be useful to triangulate these quantitative results with further qualitative research techniques (beyond what has already been applied in this thesis), particularly with primary field research, as outlined in chapter 5.7/Part I, which discussed the "Practicality of Q-squared: How to mix".

It would be interesting as well to conduct an in-depth research observation and analysis of socio-political developments in Mozambique, with a narrow focus on a specific district or province (hence to bring the analysis from the macro- to the microlevel, probably the more suitable level to methodologically operationalize Sen's individualistic CA, strictly speaking). Particularly the analysis of social poverty, the role of social networks on limiting the vulnerability to poverty, and the role of indigenous languages as a possible enhancer or inhibitor of real opportunity freedoms (such as in relation to accessing the formal labour market) would be questions worth taken to the field, particularly against the observation that this is a poverty dimension incorporated in an *ideal list of poverty domains*, though untranslatable for a quantitative exercise, and hence excluded from the applied *feasible list*. As these are study objects which are rather concealed to an indicator-based research approach as well (in contrast to economic and human poverty, which were greatly analysed in chapter 3/Part II), it would be worth to tackle these questions through an empirical approach with a great primary research component.

In the same vein goes a further possibility, which is to decompose the normative CA from its multidimensional nature into some of its components, i.e. solemnly analysing capabilities in regards to education in Mozambique. This would substantially increase the primary research part of the study (tools and techniques for primary data collection, such as drawing counterfactuals, doing interviews, drawing life histories, etc.), whereas normative reasoning, which has been greatly covered in this thesis, could be reduced.

Finally, it is conceivable to alter the thesis' evaluate focus from the applied "real opportunity freedom" (5 instrumental freedoms plus socio-environmental conversion factors) onto "process or agency freedoms" of *selected individuals or groups* in

Mozambique with regards to certain (very complex) functionings of value (for a final overview of Sen's CA please see Figure 1). This would be particularly the case if dealt with people whose process freedom is severely limited (which may apply for heavily oppressed individuals or the absolute poor living in unbearably physical and mental destitution), which necessitates focussing on the agent herself (a point discussed at length in chapter 3.6, 3.7, 3.8/Part I). Possible complex domains for analysis include nutrition, economic and political entitlements, or the much stressed "to go about without shame" and "self-respect". The latter two have been identified as the two most complex functionings conceivable indeed (chapter 3.13/Part I), as emic notions of the individual have to be appeased with emic vis-à-vis etic notions of the social context (chapter 2.4, 3.13 and 4.2/Part I).

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## Appendices

### Appendix 1: Poverty Definition of G20

#### THE DEFINITION OF POVERTY

PARPA I defined poverty as "the incapacity of individuals to ensure for themselves and for their dependents a series of basic minimum conditions for their subsistence and well-being, according to the norms of society" (PARPA, p.10).

In RAP 2004, civil society opposed this definition of poverty in PARPA I, because it made the responsibility for their poverty fall on the shoulders of citizens and their families, bearing in mind that there exist poor people who are capable of ensuring basic conditions for their subsistence and well-being, but are prevented from doing so. This being the case, RAP 2004 introduced a new definition of poverty, in which the poor cease to be objects and become subjects. And poverty appears as "the impossibility, due to incapacity or lack of opportunity, for individuals, households and communities to gain access to the basic minimum conditions, according to the basic norms of society".

This new definition indicates a different perception, removed from the idea of a poor person as somebody passive. Instead the poor are active and participate, but face a lack of opportunities. During the preparation of RAP 2005, some reflections are consolidating the concept of poverty as dynamic and with a multidimensional character, that is:

- Human poverty - related to access to the basic living conditions and welfare of citizens, linked to the low level of human capital;
- Social poverty - related to social capital as the greatest wealth of Mozambican citizens, which becomes a reality through good governance and conflict resolution, public →

- ←
- security and the fight against corruption;
- Economic poverty - related with economic growth, in which agriculture and integrated rural development, basic infrastructures, macroeconomic and financial management are determinant;
- Political poverty - related with the maintenance of peace and socio-economic stability, citizen participation in taking decisions on public matters and on processes that affect both the here and now and future generations.

In all of this, the reflection of civil society is that absolute poverty derives from the failure to create access to the basic conditions of life and well being of citizens and their families, and of households, so that the poor may emerge from this situation of vulnerability.

Source: G20, 2005: 13, 14

## Appendix 2: Poverty Definition of PARPA I and II<sup>253</sup>

### Box 1: *What is poverty?*

**PARPA I definition:** “the inability of individuals to ensure for themselves and their dependents a set of minimum conditions necessary for survival and well-being, according to the society’s standards.”\*

**PARPA II definition:** “the impossibility, owing to inability and/or lack of opportunity for individuals, families, and communities to have access to the minimum basic conditions, according to the society’s basic standards.”

Other definitions:

--“lack of income necessary to satisfy basic nutritional and non-nutritional requirements”  
(*Absolute poverty, in terms of income.*)

-- “lack of sufficient income to satisfy the essential nutritional and non-nutritional needs, according to the average income in the country.” (*Relative poverty*)

--“lack of basic human capabilities, such as illiteracy, poor nutrition, reduced life expectancy, poor maternal health, and incidence of preventable disease. This definition is related to indirect measurement factors, such as access to goods, services, and infrastructures necessary to achieve basic human capacities—sanitation, potable water, education, communications, energy, etc.” (*Human Poverty*)

*Note:* \* Definition adopted on the basis of the *Avaliações da Pobreza* (Poverty Appraisal) studies of 1996-97 and 2002-03.

Source: GdM, 2006: 8

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<sup>253</sup> PARPA I is Mozambique’s first PRSP, PARPA II Mozambique’s second. It covers the period 2006-2009

### Appendix 3: Strengths and Weaknesses of the Quantitative and Qualitative Research Methods

	<b>Quantitative</b>	<b>Qualitative</b>
<b>Strengths</b>	<ul style="list-style-type: none"> <li>*Results from sample surveys can be generalised for entire populations</li> <li>*Results can be aggregated and are comparable across population groups</li> <li>*Results can be broken down by socio-economic group for comparisons</li> <li>*Reliability of data and findings provides powerful indicators to guide policy</li> <li>*Replicability – publication of questionnaires and dataset permits scrutiny of findings</li> <li>*Transferability of dataset to other analysts means that analysis is not dependent on availability of an individual</li> <li>*Precise professional or disciplinary minimum standards exist for much survey work</li> </ul>	<ul style="list-style-type: none"> <li>*Open-ended questioning reveal new or unanticipated phenomena</li> <li>*Provides a rich picture of social phenomena in their specific contexts – reveals critical incidents</li> <li>*Provides a holistic interpretation of the detailed processes that have and are shaping people’s lives</li> <li>*Provides insights into intra-household relations &amp; processes</li> <li>*Provides deeper insights into causes and direction of causal processes</li> <li>*Permits researchers to access data on ‘difficult issues’ e.g. domestic violence</li> <li>*Data on marginal groups that surveys often cannot locate can be collected e.g. illegal migrants, the homeless, child-headed households</li> <li>*Encourages creativity and innovative explanatory frameworks</li> <li>*Data analyst is usually heavily involved in data collection and knows its strengths/ weaknesses</li> <li>*Participatory methodologies empower, rather than objectify, respondents</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>*Sacrifices potentially useful information through process of aggregation</li> <li>*Sacrifices potentially useful data by placing households or events in discrete categories</li> <li>*Neglects intra-household processes and outcomes</li> <li>*Commonly under-reports on difficult issues, e.g. domestic violence</li> <li>*Commonly under-reports on marginal/difficult to access individuals and households</li> <li>*Often wasteful in that large amounts of the dataset are never used</li> </ul>	<ul style="list-style-type: none"> <li>*Difficult to demonstrate the scientific rigor of the data collection exercise</li> <li>*Low levels of standardisation and definitions/criteria etc vary from researcher to researcher</li> <li>*Analytical methods are poorly specified and vary from researcher to researcher</li> <li>*Completion of research is often dependent on a single individual</li> <li>*Often results cannot be generalised as it is unclear ‘whom’ they represent</li> <li>*Findings less likely to influence policy as they lack the legitimacy of science and the precision of</li> </ul>

	<p>*Relatively expensive in terms of money.</p> <p>* Poorly trained enumerators can make mistakes and inadvertently influence responses</p> <p>* Enumerators may falsify/invent data</p>	<p>numbers</p> <p>*Datasets are rarely made publicly available so that findings cannot be tested and other researchers cannot use the dataset</p>
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Source: Hulme, 2007: 14, 15

#### Appendix 4: Timing of a mixed method

<p><b>Box 1:    Types of qualitative and quantitative combinations that may be used in sample surveys and experiments</b></p> <p><i>Type A: Swapping tools and attitudes: " Merging"</i></p> <ul style="list-style-type: none"> <li>● Thinking about sampling in designing enquiry based on qualitative methods.</li> <li>● Coding responses to open-ended questions from qualitative enquiries.</li> <li>● Using statistical techniques to analyse unbalanced data sets and binary, categorical and ranked data sets, arising from participatory enquiry. <ul style="list-style-type: none"> <li>○ creating frequency tables from coded data.</li> <li>○ modelling binary and categorical data generated from ranking and scoring exercises.</li> </ul> </li> <li>● Using mapping to generate village sampling frames for: questionnaire surveys; type 2 or type 3 on-farm trials.</li> <li>● Using attitudes from participatory methods, e.g. to reduce the non-sampling error in questionnaire surveys or farmer-researcher misunderstandings in on-farm trials.</li> </ul> <p><i>Type B: "Sequencing"</i></p> <ul style="list-style-type: none"> <li>● Using participatory techniques in exploratory studies to set up hypotheses, which can then be tested through questionnaire based sample surveys, or via on-farm trials.</li> <li>● Choosing a random sample and conducting a short questionnaire survey to gain information on key variables which are then investigated in-depth by participatory enquiry.</li> </ul> <p><i>Type C: Concurrent use of tools and methods from the different traditions: "Mixed Suite"</i></p> <p style="text-align: center;"><i>Concurrent use of:</i></p> <ul style="list-style-type: none"> <li>● Survey of statistically selected sample members, using pre-coded questionnaires to determine target population characteristics of a qualitative (e.g. opinions on a new technology) or quantitative (e.g. crop production) nature.</li> <li>● Setting up scientific experiments (on-station or type 1 trials) to study the effects of specific interventions in a controlled environment (e.g. on-station or "contract" research).</li> <li>● Using aerial photographs, GIS.</li> </ul> <p style="text-align: center;"><i>along with:</i></p> <ul style="list-style-type: none"> <li>● Participatory enquiry for attitudes, beliefs and perceptions of the target population.</li> <li>● Type 3 trials.</li> </ul> <p>Note: Type 1 on-farm trials are those designed and managed by researchers. Type 2 trials are designed by researchers but managed by farmers. Type 3 trials are designed and managed by farmers and monitored by researchers. (Coe and Franzel: 1997).</p> <p>Source: Marsland et al (1998)</p>
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Source: Marsland et al, 1998: 6

**Appendix 5: Monthly Household Income by Area and aggregated across male and female headed households:**

Economic activity	Proportion with income (percent)		Average income (in mt)	
	MHH	FHH	MHH	FHH
AGRICULTURE *				
Murrupula	81.7	45.5	48	11
Maputo	3.9	11.3	576	109
Buzi	16.3	28.6	117	47
INFORMAL EMPLOYMENT				
Murrupula	46.8	66.6	365	195
Maputo	61.8	86.3	3.220	1.755
Buzi	73.9	64.2	718	563
FORMAL EMPLOYMENT				
Murrupula	1.8	0.0	501 – 750 **	0
Maputo	77.6	43.2	1.501- 2.500	1.501- 2.500
Buzi	34.8	14.3	1.001 - 1.500	751- 1.000
REMITTANCES				
Murrupula	5.5	18.2	100	35
Maputo	19.7	38.6	485	933
Buzi	18.5	35.7	153	470

Source: Original reports \*Annual income (at harvest) divided by 12 \*\* Bracket in which the average household finds itself

Source: Tvedten et al., 2009a: 13

## Appendix 6: Mozambique: Economic Overview 13 February 2009

<b>Mozambique</b>							
<b>Selection of economic indicators</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008e</b>	<b>2009f</b>	<b>2010f</b>
<i>Key country risk indicators</i>							
GDP (% real change pa)	7.5	7.7	8.5	7.0	6.5	4.8	5.2
Consumer prices (average % change pa)	12.7	7.2	13.2	8.2	10.4	9.0	8.9
Current account balance (% of GDP)	-10.3	-11.5	-11.1	-10.2	-10.5	-5.4	-6.1
Total foreign exchange reserves (min USD)	1131	1054	1156	1445	1743	1530	1650
<i>Economic growth</i>							
GDP (% real change pa)	7.5	7.7	8.5	7.0	6.5	4.8	5.2
Gross fixed investment (% real change)	-11.1	0.7	7.6	6.8	4.4	4.6	5.4
Private consumption (% real change)	10.9	10.8	7.6	6.8	4.4	4.6	5.4
Government consumption (% real change)	5.0	6.0	23.4	11.3	23.5	5.5	5.6
Exports of G&S (% real change)	18.9	8.3	13.8	5.7	5.5	-0.4	2.8
Imports of G&S (% real change)	4.1	7.3	14.8	6.7	6.5	0.6	3.8
<i>Economic policy</i>							
Budget balance (% of GDP)	-4.4	-2.2	-1.4	-3.0	-5.6	-5.4	-5.2
Public debt (% of GDP)	20.1	21.0	23.2	22.2	21.4	20.9	24.4
Money market interest rate (%)	9.9	6.4	15.3	15.2	12.8	12.5	13.1
M2 growth (% change pa)	5.0	24.3	21.4	26.2	27.3	14.9	11.6
Consumer prices (average % change pa)	12.7	7.2	13.2	8.2	10.4	9.0	8.9
Exchange rate LCU to USD (average)	22.58	23.08	25.40	25.84	24.17	25.28	26.85
Recorded unemployment (%)	na	na	na	na	na	na	na
<i>Balance of payments (min USD)</i>							
Current account balance	-607	-761	-773	-795	-959	-650	-760
Trade balance	-346	-497	-268	-399	-614	-620	-710
Export value of goods and services	1504	1745	2381	2412	2457	2010	2060
Import value of goods and services	1850	2242	2649	2811	3071	2640	2770
Services balance	-276	-307	-372	-397	-370	-350	-350
Income balance	-300	-360	-635	-592	-623	-410	-450
Transfer balance	314	403	501	592	648	730	750
Net direct investment flows	245	108	154	427	610	230	300
Net portfolio investment flows	-25	-89	-124	-118	-89	-50	-60
Net debt flows	349	487	385	1141	496	-130	390
Other capital flows (negative is flight)	232	178	461	-366	240	390	250
Change in international reserves	194	-77	102	289	298	-210	120
<i>External position (min USD)</i>							
Total foreign debt	4869	4637	3265	4113	4270	4010	4410
Short-term debt	493	707	744	794	917	390	360
Total debt service due, incl. short-term debt	1594	1842	2038	2086	2110	2180	1600
Total foreign exchange reserves	1131	1054	1156	1445	1743	1530	1650
International investment position	-9380	-9865	-8358	-6374	n.a.	n.a.	n.a.
Total assets	2112	2172	2365	3062	n.a.	n.a.	n.a.
Total liabilities	11492	12037	10723	9436	n.a.	n.a.	n.a.
<i>Key ratios for balance of payments, external solvency and external liquidity</i>							
Trade balance (% of GDP)	-5.8	-7.5	-3.8	-5.1	-6.7	-5.2	-5.7
Current account balance (% of GDP)	-10.3	-11.5	-11.1	-10.2	-10.5	-5.4	-6.1
Inward FDI (% of GDP)	4.1	1.6	2.2	5.5	6.7	1.9	2.4
Foreign debt (% of GDP)	82.3	69.9	46.9	52.8	46.6	33.2	35.6
Foreign debt (% of XGSIT)	220.9	174.0	93.2	110.5	110.6	118.1	126.1
International investment position (% of GDP)	-158.6	-148.7	-120.1	-81.8	n.a.	n.a.	n.a.
Debt service ratio (% of XGSIT)	72.3	69.1	58.2	56.0	54.6	64.2	45.7
Interest service ratio incl. arrears (% of XGSIT)	21.2	24.2	19.5	18.7	17.5	19.0	17.4
FX-reserves import cover (months)	7	6	5	6	7	7	7
FX-reserves debt service cover (%)	71	57	57	69	83	70	103
Liquidity ratio	97	93	92	101	105	104	117

Source: EIU (Data on 13 February 2009)

Source: Maasdam, 2009: 7

## Appendix 7: Aid to Mozambique 2008

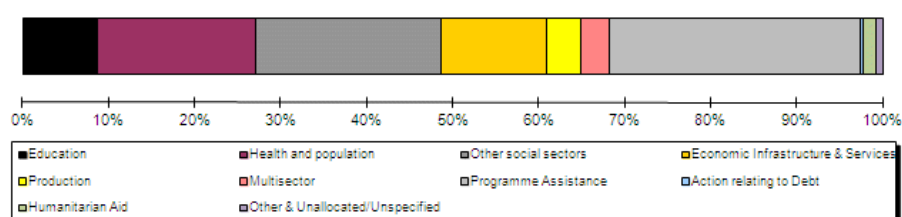
### Mozambique

Receipts	2006	2007	2008
Net ODA (USD million)	1 601	1 778	1 994
Bilateral share (gross ODA)	59%	62%	67%
Net ODA / GNI	25.0%	24.4%	22.9%
Net Private flows (USD million)	- 4	272	- 10

For reference	2006	2007	2008
Population (million)	21.0	21.4	21.8
GNI per capita (Atlas USD)	310	340	370

Top Ten Donors of gross ODA (2007-08 average)	(USD m)
1 IDA	266
2 EC	201
3 United States	190
4 United Kingdom	157
5 Sweden	112
6 Netherlands	93
7 Denmark	90
8 Norway	88
9 AfDF	75
10 Germany	72

**Bilateral ODA by Sector (2007-08)**



Sources: OECD, World Bank. [www.oecd.org/dac/stats](http://www.oecd.org/dac/stats)

Source: OECD DAC



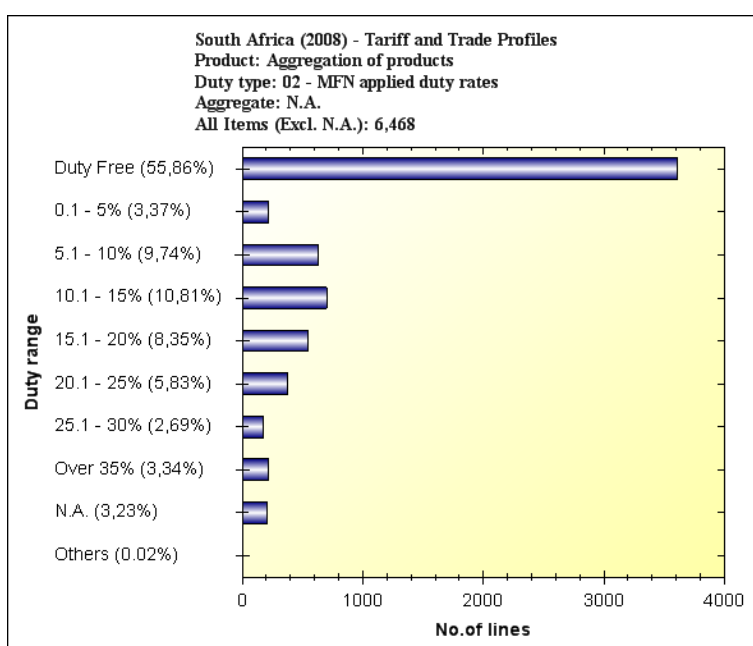
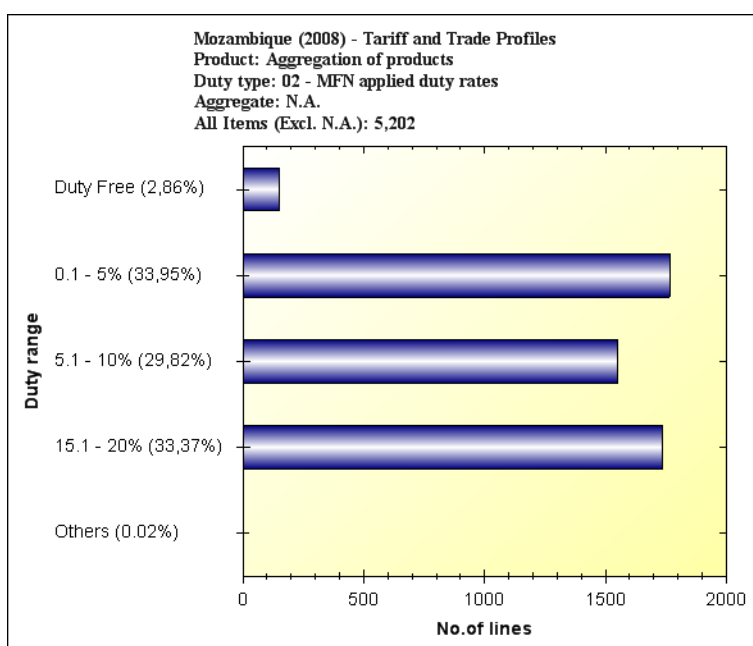
**Appendix 8: Official Development Aid<sup>254</sup> to Mozambique by Sector 2003-2008 at constant 2007 US\$ (for real values, allowing for comparisons) (OECD.Stat, 2010)**

		Flow	Official Development Assistance					
		Recipient	Mozambique					
		Region	(All)					
		Income Group	(All)					
		Policy Objective	(All)					
		Type of Aid	(All)					
		Rio Markers	(All)					
		Channel	(All)					
		Donor	(All)					
		Purposecode	ALL: (All)					
		Amount	Disbursements gross (constant 2007 USD)					
		Year	2003	2004	2005	2006	2007	2008
Sector								
ALL: (All)			1189,61	1226,19	1396,13	3268,65	1690,86	1851,56
ALL: (All)	450: V. TOTAL SECTOR ALLOCABLE (I+II+III+IV)		877,34	915,52	1043,84	1105,53	1184,59	1289,31
	450: V. TOTAL SECTOR ALLOCABLE (I+II+III+IV)	100: I. SOCIAL INFRASTRUCTURE & SERVICES	476,57	530,56	607,84	659,22	784,13	909,14
		110: I.1. Education	115,97	113,85	141,20	175,67	156,46	168,19
		111: I.1.a. Education, Level Unspecified	40,59	33,48	45,81	49,81	59,36	57,57
		112: I.1.b. Basic Education	45,54	47,50	63,87	85,56	61,17	73,52
		113: I.1.c. Secondary Education	7,71	9,31	11,44	20,72	21,71	19,92
		114: I.1.d. Post-Secondary Education	22,13	23,57	20,08	19,57	14,22	17,17
		120: I.2. Health	89,09	122,29	112,93	120,31	147,27	166,11
		121: I.2.a. Health, General	46,32	60,06	58,78	58,87	80,67	81,39
		122: I.2.b. Basic Health	42,77	62,23	54,15	61,44	66,60	84,72
		130: I.3. Population Pol./Progr. & Reproductive	74,40	98,00	94,91	126,84	184,85	214,34
		140: I.4. Water Supply & Sanitation	39,41	35,03	70,20	52,76	72,63	76,61
		150: I.5. Government & Civil Society	133,46	137,46	156,14	148,32	186,02	230,22
		151: I.5.a. Government & Civil Society-general	115,14	131,33	147,48	139,78	181,15	223,23
		152: I.5.b. Conflict, Peace & Security	18,32	6,13	8,66	8,54	4,87	6,99
		160: I.6. Other Social Infrastructure & Services	24,24	23,93	32,47	35,32	36,90	53,67
		200: II. ECONOMIC INFRASTRUCTURE AND SERVICES	253,68	244,59	255,24	274,70	241,38	182,32
		210: II.1. Transport & Storage	102,56	100,68	158,78	183,02	140,79	95,92
		220: II.2. Communications	16,16	3,70	6,28	12,88	13,04	7,28
		230: II.3. Energy	51,93	76,17	50,88	41,56	54,52	50,97
		240: II.4. Banking & Financial Services	25,86	18,98	25,60	22,72	12,42	9,42
		250: II.5. Business & Other Services	57,17	45,07	13,70	14,53	20,61	18,73
		300: III. PRODUCTION SECTORS	50,60	50,62	133,13	119,22	101,74	146,72
		310: III.1. Agriculture, Forestry, Fishing	38,28	29,72	94,82	83,51	73,75	122,84
		311: III.1.a. Agriculture	32,62	24,79	82,29	70,68	60,52	114,67
		312: III.1.b. Forestry	3,14	0,42	1,35	0,22	1,05	0,36
		313: III.1.c. Fishing	2,51	4,50	11,18	12,62	12,19	7,81
		320: III.2. Industry, Mining, Construction	11,30	18,00	31,55	26,30	19,93	19,08
		321: III.2.a. Industry	1,37	9,90	24,83	22,52	15,03	15,57
		322: III.2.b. Mineral Resources & Mining	9,93	8,10	6,66	3,56	4,90	3,51
		323: III.2.c. Construction	0,01	..	0,06	0,23	..	..
		331: III.3.a. Trade Policies & Regulations	0,94	2,74	6,44	9,19	7,71	4,48
		332: III.3.b. Tourism	0,08	0,16	0,32	0,21	0,35	0,32
		400: IV. MULTISECTOR / CROSS-CUTTING	96,48	89,75	47,63	52,38	57,34	51,12
		410: IV.1. General Environment Protection	19,95	18,41	6,69	16,34	14,33	12,31
		430: IV.2. Other Multisector	76,53	71,34	40,94	36,03	43,01	38,81
		500: VI. COMMODITY AID / GENERAL PROG. ASS.	210,35	243,59	262,66	311,20	378,33	514,47
		510: VI.1. General Budget Support	172,29	193,10	229,10	272,18	312,55	452,26
		520: VI.2. Dev. Food Aid/Food Security Ass.	37,88	35,75	33,56	39,02	65,77	62,20
		530: VI.3. Other Commodity Ass.	0,18	14,74	..	..	..	0,01
		600: VII. ACTION RELATING TO DEBT	40,01	36,12	32,15	1788,27	11,31	1,23
		700: VIII. HUMANITARIAN AID	11,98	4,74	7,71	8,92	29,65	32,16
		720: VIII.1. Emergency Response	7,42	3,51	6,90	6,57	25,92	24,94
		730: VIII.2. Reconstruction Relief & Rehabilitation	4,56	1,23	0,81	2,13	3,13	3,03
		740: VIII.3. Disaster Prevention & Preparedness	..	..	..	0,22	0,60	4,19
		910: IX. ADMINISTRATIVE COSTS OF DONORS	5,53	3,46	5,65	6,82	5,86	7,33
		920: X. SUPPORT TO NGO'S	10,92	13,87	16,31	5,45	3,65	3,55
		930: XI. REFUGEES IN DONOR COUNTRIES	0,01	0,04	0,08	..	..	..
		998: XII. UNALLOCATED/UNSPECIFIED	33,48	8,86	27,73	42,46	77,48	3,52

data extracted on 22 Mar 2010 08:58 UTC (GMT) from OECD.Stat

<sup>254</sup> Including Humanitarian Aid

## Appendix 9: Tariff and Trade Profiles 2008 of Mozambique and South Africa



Source: WTO Profiles ([http 72](http://72))

## **Appendix 10: Questionnaire: (Please see explanatory file for further information App. 11))**

### **Introduction:**

Please provide some general information about yourself and your research experience with poverty in Mozambique

Name:

Sex:

Email:

Institution:

Position within Institution:

Area of competence:

Relevant work expertise:

Years of experience working with the country case Mozambique:

Years of experience working with poverty related research:

How familiar are you with the country's Action Plan for the Reduction of Absolute Poverty 2006-2009 (or *Plano de Acção para a Redução da Pobreza Absoluta* (PARPA II)), and the *Agenda 25*, the national Strategy of the Committee of Counsellors?

Very familiar

Somewhat familiar

Not familiar

How familiar are you with Amartya Sen's Capabilities Approach:

Very familiar

Somewhat familiar

Not familiar

### **Step I: Poverty in Mozambique at a glance**

**Q.:** In your professional opinion and based on your research for this country case, what would you consider the biggest challenge(s) in Mozambique's current poverty reduction efforts? Which aspects of *ill-being* do you consider the most neglected or overlooked in the public and political discourse? What do you think are the main *drivers* for poverty to arise and persist?

**A.:**

**Q.:** What kinds of programmes and activities would you consider most important to reduce the level of absolute poverty in Mozambique? Please rank from most important 11 to least important 1 (please provide any specific information if considered helpful)

Agriculture:

Education:

Labour:

Food Security:

Health:

Water, Sanitation and Hygiene:

Nutrition:

Gender:  
 Emergency shelter:  
 Social Safety and Protection:  
 Livelihoods:  
 Other:

**Step II: Ideal List of Mozambique’s poverty domains**

<b>Sen’s 5 instrumental freedoms</b>	<b>Dimension: Functioning of value</b>	<b>Indicators/Variables</b>	<b>Equal Weighting (%)</b>	<b>Different Weighting (%)</b>	<b>Poverty Cutoff</b>
Political Freedoms					
Economic Facilities					
Social Opportunities					
Transparency Guarantees					
Protective Security					
Other					

**Step III: Feasible List of Mozambique’s poverty domains**

<b>Sen’s 5 instrumental freedoms</b>	<b>Dimension: Functioning of value</b>	<b>Indicators/Variables</b>	<b>Equal Weighting (%)</b>	<b>Different Weighting (%)</b>	<b>Poverty Cutoff</b>
Political Freedoms					
Economic Facilities					
Social Opportunities					
Transparency Guarantees					
Protective Security					
Other					

#### **Step IV: Final comments and recommendations**

Please provide (if any) final comments or recommendations on the selection of poverty domains and related variables for this study. Any other suggestions are welcome as well

## Appendix 11: Explanatory file

### Counting Approach: Identification and Aggregation

Alkire and Foster's Counting Approach requires an identification step (who is poor) and an aggregation step (bringing data into an overall indicator of poverty). The identification step requires choosing:

1. The Unit of Analysis
- 2. Dimensions**
- 3. Variables/Indicator(s) for dimensions**
4. Normalisation (if relevant)
- 5. Poverty Cutoffs for each indicator/dimension**
6. If relevant Aggregation within dimensions
- 7. Weights within and across dimensions**

The unit of analysis will most likely be the household or the individual, as relevant data in Mozambique is pertained to these units. Yet, where I would like to obtain your expert opinion is on those identification choices kept in bold.

### *Selection of dimensions, variables, poverty cutoffs, weights*

Amartya Sen's Capability Approach requires researchers to select domains of poverty depending on the socio-cultural context. To this end, Ingrid Robeyns (2003b), an expert on the Capability Approach, has proposed to follow a two stage process: By applying various epistemological approaches, ranging from participatory studies to expert questionnaires (among others), an *ideal* list of poverty dimensions should be drawn and put in contrast to a pragmatic *feasible* list. This means that only from the second stage onwards **constraints and limitations** related to the measurement design and data collection, or to political or socio-economic feasibility in the case of policy-oriented applications, be taken into account. Having these two lists is important, because these second best constraints might change over time, in that knowledge expands, relevant data becomes available, or that the socio-economic/political climate alters.

Having an ideal list is important for another reason: those domains which will become *unfeasible* for incorporation into the measurement will fuel the overall poverty analysis in Mozambique, which accompanies the measurement exercise in my PhD thesis. The questionnaire is thus constructed as follows:

## Step I: Poverty in Mozambique at a glance

I would like to enquire about your expert opinion on Mozambique's socio-cultural/political-economic situation as of 2010:

- What do you think are the most pressing problems in relation to the country's poverty situation, and how do you judge joint governmental and international community efforts regarding their poverty reduction efforts?
- What do you think are the main *drivers* for poverty to arise and persist?
- Which aspects of *ill-being* do you consider mostly neglected or overlooked by the public discourse in Mozambique?
- Where should the GoM and its international partners place its policy focus?

Please feel free to comprise your research findings on poverty for this country case.

## Step II: Ideal List of Mozambique's poverty domains

Please select your *ideal list* of poverty dimensions, corresponding indicators and weighting. If possible, please also state where you would place an individual cutoff or line for each dimension. *The paper-based sample below may serve well as a template:*

Sen's 5 instrumental freedoms	Dimension	Indicators/Variables	Equal Weighting (%)	Different Weighting (%)	Poverty Cutoff
Political Freedoms	Right to food	Body Mass Index	16.6	20	If BMI<18.5 (WHO standard)
Economic Facilities	Labour	Household Head worked in formal sector in previous 18 months	16.6	30	Yes/NO
Social Opportunities	Health	Access to Health clinic	8.3	10	Yes/NO 6yrs = nondeprived 1-5yrs = deprived
	Schooling	Years of schooling	8.3	10	
Transparency Guarantees	Corruption	Household head had to pay bribe to civil servants in last 6 months	16.6	10	Yes/ NO
Protective Security	Social Services	Access to unemployment benefits	16.6	10	Yes/NO
Other	Sanitation	Presence of flush toilet/ pit latrine with septic tank	8.3	5	Yes/NO
	Water Access	Pipe in Dwelling	8.3	5	Yes/NO

You may want to consider this list a *normative* approach to poverty reduction. Please be as exhaustive and comprehensible as possible, i.e. if you think that lack of employment or the absence of social relations are dimensions of poverty worth seeing in measurements, please name them. The Oxford Poverty and Human Development Initiative for instance seeks data for 5 dimensions of poverty usually missing in large-scale quantitative surveys, namely data on labour, empowerment, safety from violence, ability to go about without shame and psychological/ subjective well-being. Thus, please feel free to name *any* dimension of well-being which comes to your mind.

### **Step III: Feasible List of Mozambique's poverty domains**

Please select a *feasible list* of dimensions and indicators. Here I would like you to keep in mind that the re-measurement of poverty is applied on the macro level for the whole of Mozambique's 11 provinces. The goal is to **compare poverty across the country**; thus, it might best to select dimensions, indicators and weightings you would consider adequate for the population as a whole.

### **Step IV: Final comments and recommendations**

Please provide (if any) final comments or recommendations on the selection of poverty domains and related variables for this study. Any other feedback is welcome as well.

### **Notes**

1. My PhD study is linked to **Amartya Sen's Capability Approach**, which understands poverty of being the denial of some basic capabilities. These capabilities are comprised of the freedom to achieve some valuable beings and doings (the dimensions of poverty, functionings of value). Freedom, in Sen's logic, constitutes some real opportunities at people's disposal. In other words, the measurement will focus on achievements (or if possible on opportunities), such as having the right to food in order to avoid hunger and being well-nourished; or to be healthy, to enjoy some form of social protection or political rights (freedom from political corruption). However, when you select those dimensions of poverty please bear in mind that Sen has compiled a list of instrumental



freedoms *to support a person's endeavour to achieve these functionings*. Thus, when selecting the domains of poverty, please link your list to Sen's **five instrumental freedoms**:

- a. Political Freedoms: ~ broadly defined, comprise what are called civil rights and refer to opportunities that people have to determine who should govern and on what principles, and also include the possibility to scrutinize and criticize authorities, to have freedom of political expression and an uncensored press, to enjoy the freedom to choose between different parties, and so on. They include the political entitlements associated with democracies in the broadest sense.
- b. Economic facilities: ~ refer to the opportunities that individuals respectively enjoy to utilize economic resources for the purpose of production, consumption or exchange. The economic entitlements that a person has will depend on the resources owned or available for use as well as on conditions of exchange, such as relative prices and the working of the markets. The relationship between national income and wealth on the one hand and individual economic entitlements of the population on the other is greatly influenced by distributional and aggregative considerations.
- c. Social opportunities: ~ refer to the arrangements that society makes for education, health care and so on, which influence the individual's substantive freedom to live better. These facilities are important not only for the conduct of private lives, but also for more effective participation in economic and political activities.
- d. Transparency guarantees: ~ deal with the need for openness that people can expect: the freedom to deal with one another under guarantees of disclosure and lucidity. As most societies operate on some basic presumption of trust, a violation of this, in form of lack of openness, can have serious adversely affects, not only on the direct

parties involved, but also on third parties. Thus transparency guarantees aim to prevent corruption, financial irresponsibility and underhand dealings.

- e. Protective security: ~ aims to protect those people who are on the verge of vulnerability even under economic affluent times. The domain of protective security thus includes a fixed social safety net, institutional arrangements such as unemployment benefits, statutory income supplements to the indigent and ad hoc arrangements such as emergency public employment to generate income for destitutes and famine relief (Sen, 1999: 38-40).

**The linkage is not necessary however! If you want to do your selection detached from these “freedoms”, please feel free to do so. Also, if you feel a dimension does not really fit into Sen’s list, please place them in “Other”.**

2. The main aspect of any study design aiming for a multidimensional measurement of poverty is the identification of **poverty dimensions**. Thus, please participate in the study even if you feel you cannot relate/ identify corresponding variables, weights and poverty thresholds to these dimensions. As the study progresses, I will attempt to translate as much as possible your suggestions into the measurement, and will remain in dialogue enquiring your approval of my chosen indicators, weights and thresholds based on my selection from the data available for Mozambique (QUIBB 2000/01; Census 2007; IAF’s 1997/2003; DHS 1997/2003).

3. To keep the selection of dimensions, indicators, and weightings as *unbiased* as possible, I chose an **open-ended questionnaire format** instead of a multiple choice approach. This has epistemological reasons, as I am convinced that a prefabricated list may cause the selection of being somehow *directed* (even if only subconsciously).

Knowing of your vast research experience with this country case, I hope that this (admittedly) more work intensive approach will not deter you from participating in the study. However, if you feel a **multiple choice approach** would help you in better “digging out” the relevant information on dimensions and indicators, please contact me rather than refraining from participating. Based on my analysis so far of relevant & available data, the socio-cultural background of Mozambique and the research conducted by the Poverty Observatory, I can send you a multiple choice format of dimensions, variables, threshold and weightings for you to select from.

## Appendix 12: STATA do-file “Counting Approach”<sup>255</sup>

```
clear
set memory 256m
set more off
cap log close
cd "c:\Users\Frank Vollmer\Desktop\Agregados Familiares"
log using m_measures.log, replace
use "Agregados Familiares.dta", clear
g hhpond=hhsz*hhweight
keep a2 urbrur region quintil h2 h3 f10 f14 g3 g4 g7f g7d heduc hhweight hhpond durint
sort durint
keep if durint>=1
save "Selection_ Agregados Familiares.dta", replace

rename hhpond weight

*****
****Create your indicators by dimension: Good Governance****
*****

gen food=0
replace food=1 if f14=="1" | f14=="2"
replace food=. if f14=="." | f14=="?"

*****
****Create your indicators by dimension: Employment/ Livelihood****
*****

gen employed=0 if h2=="2"
replace employed=1 if h2=="1"

gen remittances=0 if h3=="2"
replace remittances=1 if h3=="1"

gen livestock=0 if f10<="002"
replace livestock=1 if f10>"002"

*****
****Create your indicators by dimension: Health and Education****
*****

gen water=0
replace water=1 if g3=="1"
replace water=. if g3=="." | g3=="?"

gen sanitation=0
replace sanitation=1 if g4=="2" | g4=="3" | g4=="4"
replace sanitation=. if g4=="." | g4=="?"

gen hospital=0
replace hospital=1 if g7f=="1" | g7f=="2"
replace hospital=. if g7f=="." | g7f=="?"

gen HHeducation=0
replace HHeducation=1 if heduc>="1"
```

---

<sup>255</sup> “Do-file” constructed and adapted to the case study Mozambique following the detailed explications of it during the OPHI Summer School on Multidimensional Poverty Measurement at the *Pontificia Universidad Católica del Perú* in Lima (27 August – 12 September 2009).

```

replace HHeducation=. if heduc==" | heduc=="." | heduc=="?"

gen school=0
replace school=1 if g7d=="1" | g7d=="2"
replace school=. if g7d==" | g7d=="." | g7d=="?"

*****
***Define the poverty lines z for each indicator***
*****

local food_pl=1
local employed_pl=1
local remittances_pl=1
local livestock_pl=1
local water_pl=1
local sanitation_pl=1
local hospital_pl=1
local HHeducation_pl=1
local school_pl=1

*****
***Define the weights and the alfa gaps***
*****

local wfood=10/3
local wemployed=10/9
local wremittances=10/9
local wlivestock=10/9
local wwater=2/3
local wsanitation=2/3
local whospital=2/3
local wHHeducation=2/3
local wschool=2/3

foreach var in food employed remittances livestock water sanitation hospital HHeducation school {

forvalues alfa=0(1)2{
    gen g`alfa'_var'=`w`var'*(max(1-`var'^`var'_pl',0))
    replace g`alfa'_var'=`w`var'*g`alfa'_var'^`alfa' if g`alfa'_var'>0
}
}

*****
*** Define the deprivation count vector ***
*****

egen ci=rsum(g0_*)
local d=9

*****
*** Define the population shares ***
*****

egen tot_pop=sum(weight)
bys urbrur: egen pop_share=sum(weight)
replace pop_share=pop_share/tot_pop
sum pop_share if urbrur=="U"
local urban_share=r(mean)
sum pop_share if urbrur=="R"
local rural_share=r(mean)
drop pop_share

```

```

*****
*****
**** Loop on calculating M0 for the different k values and decomposing by region and dimension
****
*****
*****
matrix aggre_results=J(d',3,0)
matrix H_rur_ur=J(d',6,0)
matrix M0_rur_ur=J(d',6,0)
matrix M0_dim=J(d',11,0)

forval k=1(1)d'
local i=k'
matrix aggre_results[i,1]=k'
matrix H_rur_ur[i,1]=k'
matrix M0_rur_ur[i,1]=k'
matrix M0_dim[i,1]=k'

    gen poor`k'=(ci>= `k') /*generate dummies value 1 if complies with condition*/

    forvalues alfa=0(1)2{
        ***censored galfa(k) gaps****
        foreach var in food employed remittances livestock water sanitation hospital
        HHeducation school{
            gen g`alfa'_`k'_`var'= g`alfa'_`var' if poor`k'==1
            replace g`alfa'_`k'_`var'=0 if poor`k'==0

***a variable that will be then used for dimension break-down***
            sum g`alfa'_`k'_`var' [iw=weight]
            local colme_g`alfa`var`k`=r(mean)
        }

        *****MD Headcount*****
        *****aggregate*****
        sum poor`k' [iw=weight]
        local H`k`=r(mean)
        matrix aggre_results[i,2]=H`k"
        matrix H_rur_ur[i,2]=H`k"

        *****by area and each area's contribution*****
        sum poor`k' if urbrur=="U" [iw=weight]
        local H`k'_U=r(mean)
        matrix H_rur_ur[i,3]=H`k'_U

        local C_H`k'_U=H`k'_U*`urban_share`/H`k"
        matrix H_rur_ur[i,4]=C_H`k'_U

        sum poor`k' if urbrur=="R" [iw=weight]
        local H`k'_R=r(mean)
        matrix H_rur_ur[i,5]=H`k'_R

        local C_H`k'_R=H`k'_R*`rural_share`/H`k"
        matrix H_rur_ur[i,6]=C_H`k'_R

```

```

*****M0*****
****aggregate****
egen mean_g`alfa'`k'=rmean(g`alfa'`k'*)
sum mean_g`alfa'`k' [iw=weight]
local M`alfa'`k'=r(mean)

****by area and each area's contribution****
sum mean_g`alfa'`k' if urbrur=="U" [iw=weight]
local M`alfa'`k'_U=r(mean)
local C_M`alfa'`k'_U=`M`alfa'`k'_U*`urban_share'/`M`alfa'`k'"

sum mean_g`alfa'`k' if urbrur=="R" [iw=weight]
local M`alfa'`k'_R=r(mean)
local C_M`alfa'`k'_R=`M`alfa'`k'_R*`rural_share'/`M`alfa'`k'"

****contribution by dimension****
foreach var in food employed remittances livestock water sanitation hospital HHeducation
school{
local cM`alfa'`var'`k'=(`colme_g`alfa'`var'`k'/`d')/`M`alfa'`k'"
}

matrix aggre_results[`i',3]=`M0_`k'"
matrix M0_rur_ur[`i',2]=`M0_`k'"
matrix M0_rur_ur[`i',3]=`M0_`k'_U'
matrix M0_rur_ur[`i',4]=`C_M0_`k'_U'
matrix M0_rur_ur[`i',5]=`M0_`k'_R'
matrix M0_rur_ur[`i',6]=`C_M0_`k'_R'

matrix M0_dim[`i',2]=`M0_`k'"
matrix M0_dim[`i',3]=`cM0_food_`k'"
matrix M0_dim[`i',4]=`cM0_employed_`k'"
matrix M0_dim[`i',5]=`cM0_remittances_`k'"
matrix M0_dim[`i',6]=`cM0_livestock_`k'"
matrix M0_dim[`i',7]=`cM0_water_`k'"
matrix M0_dim[`i',8]=`cM0_sanitation_`k'"
matrix M0_dim[`i',9]=`cM0_hospital_`k'"
matrix M0_dim[`i',10]=`cM0_HHeducation_`k'"
matrix M0_dim[`i',11]=`cM0_school_`k'"

}

*****
***** To see the results *****
*****

matrix list aggre_results //It's the matrix of aggregate results of H, M0//
matrix list H_rur_ur //It's the matrix of the Multidimensional H and its decomposition into urban and
rural areas //
matrix list M0_rur_ur //It's the matrix of the M0 and its decomposition into urban and rural areas //
matrix list M0_dim //It's the matrix of the M0 and its break-down by dimension //

log close
exit

```

## Appendix 13: Log file “Counting Approach”

```

.*****
.***** To see the results *****
.*****

.
.matrix list aggre_results //It's the matrix of aggregate results of H, M0//

aggre_results[9,3]
      c1      c2      c3
r1      1      1      .76697441
r2      2 .99882561 .76678868
r3      3 .98144568 .76176153
r4      4 .92699715 .740821
r5      5 .76956078 .66156243
r6      6 .58702924 .54651065
r7      7 .488031 .47321597
r8      8 .40536903 .40471475
r9      9 .1827944 .19509339

. matrix list H_rur_ur //It's the matrix of the Multidimensional H and its decomposition into urban and
rural areas //

H_rur_ur[9,6]
      c1      c2      c3      c4      c5      c6
r1      1      1      1      .31647784      1      .68352216
r2      2 .99882561 .99690857 .31587042 .99971323 .68412958
r3      3 .98144568 .95542567 .3080874 .99349322 .6919126
r4      4 .92699715 .86020547 .29367508 .95792239 .70632492
r5      5 .76956078 .63363085 .26057737 .83249774 .73942264
r6      6 .58702924 .4684816 .25256671 .64191802 .74743329
r7      7 .488031 .39264547 .25462232 .53219549 .74537768
r8      8 .40536903 .30726433 .23988599 .45079251 .76011401
r9      9 .1827944 .08606211 .1490021 .22758245 .85099791

. matrix list M0_rur_ur //It's the matrix of the M0 and its decomposition into urban and rural areas //

M0_rur_ur[9,6]
      c1      c2      c3      c4      c5      c6
r1      1 .76697441 .68547405 .28284822 .80470992 .71715179
r2      2 .76678868 .68497896 .28271238 .80466743 .71728762
r3      3 .76176153 .67284595 .27953739 .80293037 .72046261
r4      4 .740821 .63665766 .27197938 .78904971 .72802062
r5      5 .66156243 .5252329 .2512606 .72468442 .74873941
r6      6 .54651065 .423623 .24531506 .6034089 .75468495
r7      7 .47321597 .3675883 .24583606 .52212267 .75416394
r8      8 .40471475 .29688302 .23215584 .45464196 .76784416
r9      9 .19509339 .09080526 .14730305 .24337987 .85269695

. matrix list M0_dim //It's the matrix of the M0 and its break-down by dimension //

M0_dim[9,11]
      c1      c2      c3      c4      c5      c6      c7      c8      c9      c10      c11
r1      1 .76697441 .25695185 .13641111 .13630722 .13196339 .09047137 .08386933 .06919889 .06241248 .03241437
r2      2 .76678868 .25701409 .13635338 .13633491 .13195854 .09042111 .08387025 .06920098 .06242437 .03242194
r3      3 .76176153 .25871022 .13501819 .13657083 .13111931 .09010425 .08404188 .06933946 .06255374 .03254212
r4      4 .740821 .26602309 .13184904 .13515692 .12938899 .08915316 .08360682 .0692755 .06263332 .03291315
r5      5 .66156243 .2978176 .12292614 .12737327 .12403519 .08359616 .08041491 .06715767 .0625586 .03412047
r6      6 .54651065 .35583008 .10988755 .11553833 .11446368 .07679886 .07397141 .06136775 .05878456 .03335779
r7      7 .47321597 .38196559 .1043693 .11264226 .10910227 .07442741 .07237392 .05985289 .0567136 .02855278
r8      8 .40471475 .37096911 .10837173 .11575865 .11171372 .07304121 .07159608 .06114591 .05711151 .03029208
r9      9 .19509339 .34702164 .11567389 .11567389 .11567389 .06923199 .06894843 .06835485 .06213677 .03728465

```





