

## Mozambique: How Successful is this Success Story?

Megan Burke

*Program Manager, United Nations Association of the United States of America (UNA-USA)*

On December 5<sup>th</sup>, 2004, the airport in Maputo was full of SADC (Southern African Development Community) election observers returning home after the successful completion of Mozambique's third general election since the declaration of peace in 1992. An outward sign of the consolidation of peace and democracy, the elections provided members of the international community with another opportunity to applaud their efforts in the rebuilding of this country that endured nearly three decades of armed conflict.

However, despite the apparent success of the recent elections, after 13 years of peace and 30 years of independence, Mozambique remains a paradox. While the international community often holds up Mozambique as a rare example of success for its sustained peace after many years of war, serious institutional and economic problems remain that threaten that peace as well as democracy and development.

Half of all civil wars that appear to have been resolved by peace agreements tragically return to conflict within five years.<sup>1</sup> For this reason alone, maintaining peace in a country that endured nearly three decades of war is a significant achievement. Peace in Mozambique has created greater opportunities for human development and security and can serve as a model for stability within southern Africa.

However, the job of the international community is far from over and Mozambique remains very fragile. After several years of double-digit economic growth rates, Mozambique remains the 7<sup>th</sup> poorest country in the world with an estimated per capita GDP of \$100. Falling levels of civic participation call into question efforts to promote democracy. The growing urban and rural divide, both in terms of development and governance, is one of the greatest threats to Mozambique's democracy and to a sustainable peace.

Recent initiatives such as the Group of Eight (G8) agreement to eliminate multilateral debt in Mozambique and 17 other poor countries as well as efforts to provide 'direct aid'-foreign assistance that funds government programs through the state budget – are both steps in the right direction. These steps must be coupled with more equal trade practices and a new generation of donor assistance targeted to sustain peace by promoting equitable economic growth and strong and democratic government institutions.

### **The Impact of Conflict in Mozambique**

Three decades of war in Mozambique destroyed infrastructure and devastated the economy. Following a decade-long war of independence against Portugal that ended in 1975, Mozambique enjoyed just one year of peace before being thrown into an 'internal' conflict fueled by weapons and funds provided by external supporters that lasted for over fifteen years before peace was declared in 1992. The two major parties to the civil conflict, the Mozambique Liberation Front (FRELIMO) and the Mozambique National Resistance (RENAMO) were both funded and armed by other countries as part of both the Cold War and efforts to maintain white-led governments in southern Africa. FRELIMO support for international sanctions on Southern Rhodesia and their support of the anti-apartheid movement in South Africa created powerful enemies of both governments on two of Mozambique's borders. RENAMO received support from these governments, each with a keen interest in overthrowing the independent, African-led government that had

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<sup>1</sup> Kofi Annan, "In Larger Freedom" *Foreign Affairs*, May/June 2005.

succeeded in ending Portuguese rule in Mozambique. At the same time, FRELIMO's Marxist-Leninist economic policies such as the nationalization of industry and the abolition of private land ownership attracted support from the former Soviet Union and other members of the Communist bloc during most of the conflict.<sup>2</sup>

Mozambique's internal conflict killed over one million people out of a population of approximately 15 million. Over 40 percent of the remaining population, or more than 6.8 million people, were displaced, either internally or as refugees to the neighboring countries of Malawi, Zambia, Zimbabwe and South Africa. Vital infrastructure such as schools, wells, health centers and roads, were destroyed or rendered unusable throughout the country but especially in rural areas, at rates of between 30 and 50 percent<sup>3</sup>. Irrigation systems and other essential supports for agriculture were destroyed at similar rates. Throughout the country's provinces, landmines still remain causing death and injuries and restricting access to roads, wells and farmland, long after the war has ended.

Similar to other post-conflict settings, Mozambique suffered from a variety of threats to peace such as the idleness of thousands of unemployed, demobilized soldiers, the prevalence of guns and other weapons as well as the task of transforming RENAMO from a guerilla army into a political party that would gain legitimacy through the election process. Longer-term effects such as poverty and unemployment posed equally grave threats to national stability. Decades of violence and devastation left Mozambique with a dual challenge, to keep the peace and rebuild the country.

For the most part, the international community and the residents of post-conflict societies have repeatedly failed to build a sustainable peace. Re-eruptions of violence following peace agreements in other countries such as Angola are commonly cited as evidence of how difficult it is to stabilize a country that is emerging from internal conflict. Additionally, since conflicts within a single country threaten the stability of neighboring countries, the failure to secure peace in one country often triggers violence across borders exacerbating obstacles to conflict resolution. With few successes and many notable failures prior to the peace agreement in Mozambique, the odds were stacked against success despite the hope that peace could be achieved within Africa and other states embroiled in conflict around the world.

### **International Assistance: Achievements and Challenges**

By 1992 exhaustion from war coupled with a decade of drought within Mozambique and a confluence of external events— the end of the cold war and the end of apartheid in South Africa— convinced the leaders of RENAMO and FRELIMO to make peace. The end of Soviet support for FRELIMO and South African support for RENAMO also made continued war impossible to finance. With the signing of the Rome Peace Treaty on October 4 of that year, the conflict ended. The international community and the people of Mozambique faced the challenge of rebuilding.

Between 1993 and 1994, the international community provided \$1 billion to support United Nations reconstruction operations and the country's transition to multi-party elections. The United Nations Operations in Mozambique (UNUMOZ) had an ambitious mandate to help implement the General Peace Agreement, including monitoring the ceasefire, overseeing the withdrawal of foreign forces, providing security for humanitarian operations and technical support and monitoring the electoral process. Earlier failures at post-conflict reconstruction elsewhere by the international community taught important lessons and also challenged international donors to demonstrate that success was possible in Mozambique. Dr. Eduardo Siteo of the Centre for Studies in Democracy and Development in Maputo acknowledged the critical role of UNUMOZ and

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<sup>2</sup> William Finnegan's *A Complicated War: The Harrowing of Mozambique*, 1992, provides a comprehensive background on the development of both RENAMO and FRELIMO and the external support that both sides received during the civil conflict.

<sup>3</sup> "Peace and the Economy", Luisa Diogo, *Mozambique: 10 Years of Peace*, edited by Brazao Mazula, 2004, p. 210.

the commitment of the international community to foster peace in Mozambique. Dr. Siteo remarked, "the UN came to Mozambique after a horrible experience in Angola where they had failed. They came [here] determined to do better".

National reconciliation efforts were integrally linked with international peacebuilding efforts in Mozambique. Dr. Terezinha da Silva, Mozambique's former State Secretary for Social Affairs, explained that, "everyone was tired of war"; the direct impact of conflict on every household made people open to national healing and reconciliation programs. Traditional healers addressed lingering fear and feelings of revenge by bringing together victims and victimizers in small, local groups and demonstrating how both sides were victims of the broader context in which they lived. Community reconstruction projects provided a concrete way for the people on both sides of the war to overcome animosity by working together. Doctors, social workers and traditional healers worked with the government to establish and implement a formal national reconciliation plan. Dr. da Silva stressed the importance of the national political will in providing the leadership and resources to put such a plan in place and ensure its effectiveness.

Since 1995, Mozambique has received on average over \$700 million per year in foreign assistance. With few domestic revenue sources, this assistance currently provides between 60 and 80 percent of the government's operational budget and funds basic services such as education and health care. Some government ministries are entirely dependent on foreign assistance.<sup>4</sup> A cadre of international advisors provides technical assistance to ensure that funds are spent according to the agreed on macroeconomic rules outlined by the World Bank and the International Monetary Fund. Mozambique has closely followed the structural adjustment policy prescriptions required by the donor community, including privatizing businesses and reducing social support mechanisms. There have been mixed results; Mozambique has seen high rates of macroeconomic growth overall but there has been no reduction in absolute poverty. Additionally, there has been a sharp increase in inequality between urban and rural sectors of the population.

Political and development analysts within Mozambique have cast a critical eye on the impact of assistance in creating conditions for long-term stability. Many question whether it restricts the government of Mozambique from implementing policies that favor human development. Current policies that widen the gap between rich and poor and undermine democratization work at odds with these goals. Renewed efforts on the part of the World Bank to require the privatization of land threaten the last remaining lifeline for many subsistence farmers. Many recognize that government decentralization is key for the growth of democracy; however, Dr. Siteo notes that centralized reporting requirements for international donor support reinforce centralization efforts by the current government.

In May, 2005, leading up to the annual summit of the G8, Mozambique's Prime Minister Luisa Diogo criticized the level and conditions attached to some foreign aid received by the government of Mozambique. She urged donors to "streamline aid conditions among donor nations" since it is "cumbersome for each donor to have different conditions or to refuse to fund certain programs". She also noted that many programs that are seen as priorities by the government of Mozambique and by international donors, such as the initiative to improve the education sector, is only receiving 55 percent of the funding required for implementation. However, Diogo did praise recent efforts by some donor agencies and countries to coordinate assistance and provide direct aid as part of the State budget. "We put the money in priority areas agreed internally and with the international community. Our government has ownership of the programs and is

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<sup>4</sup> In "Cooperation for Development and Conflict Prevention: Dutch Cooperation With Mozambique", Francisco Rey Marcos estimates that foreign assistance accounts for 60% of government funding. (See p. 2 and 39 of the report published in 2004 by the Instituto de Estudios sobre Conflictos y Accion Humanitaria.) The Resident Representative of UNDP in Mozambique put estimates higher, closer to 75%. A international consultant to the governments' treasury informally estimated that it could be even higher than some governmental sectors.

comfortable implementing them.” Diogo stressed that this was a successful model that should be replicated by other donors and in other countries receiving aid.<sup>5</sup>

On June 12, 2005, also in anticipation of the G8 summit, G8 financial ministers announced an agreement to eliminate multilateral debt in 18 of the poorest countries in the world, including Mozambique. Debt relief was provided to those countries that met certain conditions including sound economic management and success in fighting corruption. This announcement was recognized as a very positive advancement for poverty reduction and development efforts in Mozambique. The government of Mozambique responded to this news by saying that “The signal is that these [18] countries work and still have to work very hard to entrench economic reform and deliver better services to their people.”<sup>6</sup> However, many analysts also recognized that debt reduction is just one component of foreign assistance and that work remained to sharpen and increase foreign aid while also establishing a fairer trade regime that would allow Mozambique and other African nations to participate in the global economy.<sup>7</sup>

What has international assistance achieved thus far in Mozambique, how have recent changes improved its effectiveness and what more remains to be done?

### Democratization for All?

The Rome Peace Treaty, the peace agreement signed in 1992, focused on creating conditions in Mozambique where differences could be discussed by legitimate opposition parties rather than opposing armies and where individuals could exercise political power through their vote. Donor assistance supported preparations for Mozambique’s first general election that was held in 1994 and supported the participation of all legitimate political parties. Peaceful elections with widespread voter participation in 1994 were rightly hailed as visible signs of the successful transition from war to a democratic peace. ONUMOZ was portrayed as “an overwhelming success that contributed to a reasonably stable and quick transition from war to peace”.<sup>8</sup> Subsequent elections in 1999 were marred by some incidents of violence but were also considered further evidence of the strength of Mozambique’s democratic process.

By the third general elections, held in December 2004, it was clear that much of the dynamism surrounding the previous elections was gone. A Mozambican analyst at the National Institute of Demining explained patiently, “Of course, we all knew FRELIMO was going to win. They got rid of the Portuguese, after all.” Clearly not everyone in Mozambique holds the same conviction - 32 percent of the vote went to RENAMO - but there did seem to be a pervasive sense of futility over the ability to bring about a change in the political leadership through voting. Such complacency is not entirely out of place given that FRELIMO has been the only party to hold power since Mozambican independence in 1975.

International observers validated the 2004 election results and praised the peaceful process. However, voting irregularities that favored the dominant political party were in evidence. The Carter Center, while recognizing the election outcomes, noted problems in voter registration and the tabulation of votes favoring urban over rural voters. Given FRELIMO’s wide margin of victory, these irregularities did not impact the overall results. However, the problems observed by the Center could have had serious consequences in a closer election and forced it to conclude that the elections had “not been fair and transparent in all parts of the country”.<sup>9</sup>

<sup>5</sup> “Direct Aid Model Can Be Replicated: Mozambique Prime Minister”, *Reuters Foundation: AlertNet*, May 25, 2005.

<sup>6</sup> “Africa’s Will to Fight Graft Faces Debt Relief Test”, by Manoah Esipisu, *Reuters Foundation: Alert Net*, June 12, 2005.

<sup>7</sup> See, among others, “Debt Deal a Positive Step, More Needed: Mozambique”, by Mateus Chale, *Reuters Foundation: AlertNet*, June 12, 2005 and “Southern Africa Salutes Debt Write-Off Plan, But Says More Needed”, *Media Corp News*, June 12, 2005.

<sup>8</sup> “Mozambique’s 2004 General Elections”, Inge Ruigrok, *African Security Review*, (14)1, 2005. p 43.

<sup>9</sup> *Postelection Statement on Mozambique Elections*, Jan. 26, 2005, The Carter Center, <http://www.cartercenter.org/doc1999.htm>

Studying voter participation reveals another alarming trend. In the first general election held in 1994, 90 percent of eligible voters participated in what was largely seen as a “vote for peace”. By the third general election this past December, voter participation had declined to a mere 36 percent.<sup>10</sup> Dr. Siteo expressed surprise that even one third of the population saw the point in voting at all. He estimated that at least 70 percent of Mozambique’s population is subsistence farmers that have not felt any government presence since the war ended. The slow pace of the government’s decentralization initiative has devolved little real power to district-level authorities in rural areas and even less funding. The vast majority of governmental presence remains in Mozambique’s capital, Maputo.

Many political analysts agree that candidates from both major political parties sidelined rural communities during the election campaigns. The government has not expended much energy on behalf of rural voters and there was no space or opportunity for the vast majority of Mozambicans to question what the government planned to do to improve their situation. According to Dr. da Silva, “voter abstention was an active protest against both the government and the entire political system.”

### **Economic Growth and Development**

As in the case of the consolidation of democracy, at first glance, efforts to spur economic growth seem to have achieved considerable success. In recent years, Mozambique has experienced double-digit rates of economic growth- 11 percent in 1997, nearly 12 percent in 1998 and 14 percent in 2001.<sup>11</sup> Mozambique is widely touted as a magnet for foreign investment.

Impressive development projects have cleared landmines, improved roads, built power lines and reestablished mail delivery throughout the country. In the village of Kolonga, Inhambane province, the primary school is the largest and only structure in town built with modern building materials. By all accounts, similar schools have been built in every village throughout the country to combat illiteracy rates of more than 60 percent.

However, neither the aggregated growth rates nor the uniform presence of new schools tells the whole story. Economic growth has been far from uniform and residents in rural communities remain in absolute poverty despite the new schools. Between 70 and 80 percent of foreign investment has been directed to Maputo’s “Development Corridor”, within and around Mozambique’s capital and largest city. As a result, the GDP per capita in Maputo is six times greater than the national average and as much as 12 times greater than Mozambique’s Northern provinces. The most recent National Development Report for Mozambique, published by UNDP in 2002, notes that, “Maputo City remains an oasis of relative prosperity in a desert of difficulties”.<sup>12</sup> As Maputo Province continues to attract the lion’s share of foreign investments, the vast majority of Mozambique’s population living in rural areas are left to survive on as little as \$16 a year.<sup>13</sup>

Much of this lopsided growth is related to the historic and current strength of the South African economy on Mozambique’s southern border. Even when Mozambique was a Portuguese colony, South African investors controlled a large portion of its economy. After a brief severing of trade relations during the civil war, South Africa is once again Mozambique’s most significant trading partner (providing over 25% of imports and buying nearly 20% of exports) and its main source of remittances. South African mines

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<sup>10</sup> Statistics available at: <http://www.electionworld.org/mozambique.htm> and

<http://www.freedomhouse.org/research/freeworld/2003/countryratings/mozambique.htm>

<sup>11</sup> “Perceptions on the Economy: Increase in National Wealth, Equitable Distribution, National Cohesion”, by Prakash Ratilal, in *Mozambique: 10 Years of Peace*, edited by Brazao Mazula, p. 257, 2004.

<sup>12</sup> National Human Development Report: Mozambique, United Nations Development Programme, 2001.

<sup>13</sup> “Family, Female Identity and the Building of Peace in Mozambique, 1992-2002” by Benigna Zima, in *Mozambique: 10 Years of Peace*, edited by Brazao Mazula, p. 43, 2004.

provide jobs for young, unskilled laborers from Maputo province and their wages help support their extended families. South Africa has played and will continue to play a role in the development of Mozambique's southern provinces. This development has made Maputo province a solid choice for private foreign investment not just from South Africa but from around the world, further fueling the growing urban/rural divide.

In recognition of this growing economic inequality and the threat it poses to peace, most foreign development assistance provided by the international community over the last few years has focused on rural development projects outside of Maputo province. However, many analysts in Mozambique feel that these programs have provided too little, too late and have failed to adequately support the agricultural sector that employs the greatest portion of Mozambique's population. As recently as 2004, "while 75% of the population lives and depends on farming, their contribution to the GDP [was] just 19%."<sup>14</sup>

Without the safety net of a diversified rural economy, this same population is also most vulnerable to the cyclical droughts and floods that Mozambique suffers, further compounding rural poverty. Flooding in 2001 killed hundreds and left half a million homeless, all in rural areas, and the current drought in Gaza and Inhambane provinces threatens the very same population.<sup>15</sup> With sufficient funding, the government could do much more to directly support farmers such as improving rural roads and port access for transporting produce, providing fertilizers to improve crop productivity, and investing in water management programs, while also diversifying the economy by supporting the development of agriculture-related industries such as the indigenous processing of cashew nuts. Increased levels of investment and assistance for rural communities can and must halt the growing divide between cities and the countryside and avoid social unrest and violence.

### **Assistance to Mozambique: Phase II**

After thirty years of independence and thirteen years of peace, Mozambique is on the brink of significant economic growth but the State remains fragile. Peace-building and post-conflict reconstruction does not happen overnight and it is much too early to either proclaim success or grow frustrated from the slow progress and move on. Changing regional dynamics, such as the political unrest in nearby Zimbabwe, pose immediate threats to Mozambique's stability. Rather than furthering the 'contagion of violence' that has embroiled 28 sub-Saharan African countries in wars since 1980, democracy must be strengthened and poverty reduced so that Mozambique can withstand these threats. Only then can Mozambique be seen as a success case for both peace-building and state-building.

Improved and increased international assistance for Mozambique can ensure that poverty and government neglect do not drive its people to demand change through force. New models for providing aid may succeed in empowering the government of Mozambique and demonstrating the government's relevance to its people. The elimination of much of Mozambique's foreign debt should free up resources to promote a more equitable development in both urban and rural areas and to consolidate democracy through decentralization of government authority and meaningful political participation for Mozambicans. In both cases, the government of Mozambique now must demonstrate to its people how these changes will translate into real improvements in their lives.

The debt agreement has generated renewed energy around the question of how foreign assistance can work better. This momentum must be maintained and directed towards questions such as fair trade and increased aid. Agricultural subsidies in developed

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<sup>14</sup> *Cooperation for Development and the Prevention of Conflicts: Dutch Cooperation with Mozambique*, 2004, by Francisco Rey Marcos, Instituto de Estudios sobre Conflictos y Acción Humanitaria, 2004, p. 45. See summary of the report in <http://www.fride.org>

<sup>15</sup> In July, 2005, the Famine Early Warning Systems Network warned that as many as 430,000 people in Central and Southern Mozambique will need continuous food aid until March 2006 as a result of below-average rainfalls. *Food Aid Requirements for Mozambique*, AllAfrica.com, July 28, 2005. <http://allafrica.com/stories/200507280549.html>

countries prevent the people of Mozambique from having fair access to the world market. In a country where agriculture remains the largest portion of the economy, the ability to sell agricultural products at a fair price would be one of the best ways to allow Mozambicans to help themselves. Finally, continued foreign assistance must reach those who need it most, in rural communities throughout the country, and must provide sufficient funding to fully implement critical programs such as education and rural development. Success is attainable in Mozambique but we are not there yet.

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