

# **MOZAMBIQUE**

Into The 1990s

## **AWEPA**

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It is not self reliance  
 To tell a man who has just lost a leg  
 To stand on his own two feet.

- Modern Southern African Proverb

A luta continua (the struggle continues)

- Lusophone African Mobilising Slogan

The Price of The Dream

Mozambique has not known peace for almost three decades. The war of liberation to break Portuguese colonialism in Africa - and the Fascist regime which clung to it in Portugal - ended in 1974. Almost immediately Rhodesian raids supplemented by the pseudo resistance movement it created - the bandidos armados who call themselves Renamo - began. South Africa while never friendly used primarily economic sanctions and buffets until 1981. From 1981, however, it unleashed a "total strategy" of economic, sabotage and proxy war by terrorism (via the bandidos armados whom it had inherited from Rhodesia). This upsurge in mass murder and international terrorism (as documented fully and frequently not least in the US State Department's Gersony Report) was not halted or even lessened by the 1984 Nkomati Agreement. At its 1986 peak it seemed on the verge of destroying the Mozambican state. Positive shifts since then owe at least as much to Mozambican, Zimbabwean and Tanzanian military success as to withdrawal of South African backing and direction from their proxy, the ba.

Over 1980-88 the cost of the war to defend the dream of a free Mozambique in a free Southern Africa was 900,000 dead who would have otherwise been alive. Direct war casualties were under a fifth, over half were infants and young children who died because the health and food security (by production or relief distribution) were destroyed.

**WAR-RELATED LOSS OF LIFE  
IN THE SADCC REGION  
1980-88**

Country	Infants/Young Children	All Deaths
MOZAMBIQUE	494,000	900,000
ANGOLA	331,000	500,000
ZAMBIA	50,000	50,100
TANZANIA	25,000	25,060
MALAWI	25,000	25,000
ZIMBABWE	—	500
LESOTHO	—	500
SWAZILAND	—	250
BOTSWANA	—	50
<b>TOTAL</b>	<b>925,000</b>	<b>1,501,460</b>

Source: UNICEF, *Children on the Front Line*, "Children in Southern Africa," and estimates discussed in the text of *South African Destabilization*.

Economic loss in terms of lower gross domestic product over 1980-88 was \$15,000 million - \$3,000 million in 1988. Mass terrorism had forced over half of rural Mozambicans to flee for their lives at least once and, as of 1988, at least a third of all Mozambicans were internal displaced/severely affected persons or refugees abroad. The transport and power systems were crippled; exports had fallen 80%; food production was down by up to 50%.

For comparison actual 1988 population (including refugees) was of the order of 16 million, GDP \$2,750 million, exports of goods \$100 million and the national food deficit before food aid 1 million tonnes. (For fuller details see Annex.)

**GROSS DOMESTIC PRODUCT (GDP) LOSS  
IN THE SADCC REGION  
1980-88**

(\$ million in 1988 prices)

Country	1988		1980-1988	
	Loss	% of Actual GDP	Loss	% of 1988 Actual GDP
ANGOLA	4,500	90	30,000	600
MOZAMBIQUE	3,000	110	15,000	550
ZIMBABWE	1,350	25	8,000	145
MALAWI	550	30	2,150	133
ZAMBIA	500	20	5,000	200
TANZANIA	500	10	1,300	26
BOTSWANA	125	10	500	40
LESOTHO	50	7	300	42
SWAZILAND	30	5	200	33
<b>ALL SADCC</b>	<b>10,605</b>	<b>43</b>	<b>62,450</b>	<b>210</b>

Source: National data and preliminary 1988 GDP

These facts are not only of historic interest - important as history is in shaping perceptions and imposing psychological, social and political constraints. They are central to understanding Mozambique today and tomorrow;

- a. the end of war would not end the loss of output - rehabilitating people, restoring livelihoods and reconstructing the capital stock will take at least a decade;
- b. the war is - despite significant gains in most provinces and districts (e.g. attacks on health facilities fell 75% between 1986 and 1988) - far from over;
- c. nor has support from or via RSA ended - in the week after Nelson Mandela's release in and out transborder raids by the ba claimed at least 100 lives including nearly 70 in the ambush of a civilian train carrying miners returning from the rand on the Resano Garcia-Maputo line. It may well be that senior RSA security personnel are ignoring/sabotaging an end to P. W. Botha's and Magnus Malan's strategy of total onslaught and refusing to obey President F. W. de Klerk. The Mozambican dead are no less dead and the economic and non-lethal human costs of international terrorism no less real whoever is masterminding the ba's transborder operations nor whatever their reasons may be.

#### Security: The Slow Ascent from the Abyss

Security - in the sense of ordinary people being able to get on with their lives - is improving in Mozambique. Compared to late 1986 the changes are massive in most rural areas. At their most dramatic in Angonia District of Tete Province where under 2,000 normal civilian population in contact with the District Administration could be found in late 1987 there have since mid-1988 been over 50,000 official and 'informal' returnados, largely from Malawi. Household food security has been restored; 1990 commercialisable sector familial maize and potato output may well exceed 20,000 tonnes.

Similarly, the RSA strategy of choking the landlocked core SADCC states by destroying all their routes to the sea via Mozambique has been defeated.

The Beira Corridor held; fitfully and imperfectly but increasingly effectively. The Nacala and Chicualacuala (Limpopo) corridors are returning to life. In human services, health posts are being reopened in newly secure areas and loss of existing ones has at last been reduced below reconstruction/repair rates.

But the situation remains precarious and patchy. Transborder supported sabotage and terrorism in (rural) Maputo province reached new peak levels in 1989. These included systematic sabotage of the South Africa-Maputo power line and regular massacres of isolated homesteads or hamlets. Other foci of infestation by ba remained - notably on or near the Limpopo Valley Line, in the Ngorongozo Park and the Zambesia/Nampula border mountain areas as well as in the Zimbabwe/Manica Frontier mountains. Sporadic raid campaigns break out, not least in Niasa near the Tanzania border in 1989.

The Maputo and Niasa upsurges appear to represent a strategic shift to maximum visibility to the expatriate/donor community in Maputo and to Tanzania on the Niasa border. The aim would seem to be to discredit Mozambique by creating the illusion that security was worsening - or at least not improving - on a national basis.

### Peace and Politics

Mozambicans and the Mozambican government want peace so long as its terms do not foreclose the dream of a free and increasingly less poor Mozambique. The unconditional amnesty for ba combatants and supporters who leave it illustrates this very clearly - strikingly so given the obscenely vicious strategy of terrorism, slave labour, mutilation and murder the ba have operated for a decade and a half. So do the regular attempts to negotiate with South Africa - given the total fraud of South Africa's 1984-1988 'performance' of its side of the Nkomati Agreement.

But negotiating with the bandidos armados as a group poses very real problems, even though the Mozambique government is willing to enter talks without preconditions. The ba were a creation of Rhodesia (taken over by South Africa) to wage a proxy war of sabotage and terrorism. They had no domestic political or social base and have never had any socio-political or political economic programme. Whether one attempts to analyse by class, by

cultural group, by religion or by geographic unit the results suggest 0.5% to 5% support for the ba group, in different areas . 'Nationally' they may have 20 to 25,000 armed bandits and 140,000 to 215,000 civilian supporters, i.e. 1% to 1.5% of the population. Even their military cadres appear to have been largely recruited by kidnapping.

With tiny, nonhomogeneous minorities backing an internal political dynamic and having no social, political or economic programme it is hard to identify a practicable negotiating agenda. To make ex-ba's a favoured class is neither economically feasible, politically possible nor (one would suppose) morally desirable. Given their history of activity as proxies for outsiders with no policies of their own, granting them the status of a political party would be a request for external destabilisation. Moreover, in some areas - e.g. Zambesia - increasing breakup of ba units has already led to freelance bandit gangs so whether ba 'leaders' could deliver their sometime 'followers' guns is, at best, problematic. In the end individual amnesty and military action - however agonizingly slow and costly - may be the only practicable routes to peace. Needless to say both would be facilitated if South Africa and other countries tolerating ba presence and support cracked down on the allies and financial supporters of this terrorist organisation in their own countries.

Mozambique - contrary to popular external perception - is devoted to the concept and practice of elections. From the mid-1980s onward these have been held regularly for local, district, provincial and national bodies. In 1986 in particular the security problems which had to be overcome to run them were massive.

The elections are participatory and competitive. They do drop as well as endorse office bearers and neither status nor technical competence is any guarantee of selection. One may argue about the optimality or otherwise their form, but their reality - both in happening and in being a genuine selection process - is very hard to deny. National Assembly elections are long overdue. The dominant reason the government has sought a 1990 Census (which technically appears to be unattainable) is to have a base for holding them in 1991.

But lack of security - or more realistically the continued reality of war - hampers the electoral process in more than technical and procedural ways. People's enthusiasm for governments which - even though trying - cannot provide physical security, access to basic services, food security or a context allowing escape from absolute poverty is likely to be low. Because performance can be better, this may not be true of main urban areas or of the rural ones least exposed to the war or with the greatest and most sustained post 1986 security gains. In some rural districts it is a stark reality. Strengthening of the democratic process in Mozambique does require peace because without it good enough performance to secure democratic support is, at best, next to impossible to achieve.

#### Economic Claw-back - Realities and Limits

Since 1986 the Mozambican economy has been growing. The present underlying trend is probably 4% a year. This may understate since data on sector familial agriculture are so bad as to have grossly understated 1981-86 declines and probably now understate recovery (except in drought years).

The growth is fairly broadly based and includes commercially marketed agriculture and manufacturing as well as transport and construction. Assuming adequate rehabilitation and import content finance, it is sustainable and perhaps expandable to 5% to 6%. However, at such a rate 1981 GDP per capita (even then under \$300/capita) could not be regained until about 2005.

The problems are not primarily political or policy choice in nature.

Mozambique has:

- a. a war wrecked economy;
- b. very few domestic savings (overall negative ones) as a result of inadequate production, not excess consumption;
- c. a gross exacerbation of the structural trade deficit inherited from the Portuguese era;

- d. consequentially a Recurrent Revenue base covering little over half an inadequate Recurrent and none of the Capital Budget;
- e. no earned foreign exchange after external debt service, retention allowances to importers, electricity, certain fuel purchases and external state offices, i.e. total dependence on doadores for normal import cover;
- f. a shortfall of at least 20% (1 million tonnes) - almost 50% for grains taken separately - between domestic food supply and levels minimally adequate to end moderate and severe malnutrition;
- g. 60% or more of its people existing in absolute poverty;
- h. inherited human investment levels so poor that despite major education efforts since independence, the largest ministerial cadre of graduates in a Maputo ministry is under 20 and professional positions still have to be filled by persons with incomplete general secondary education;
- i. a record of non-success - for whatever reason - and low wages (\$30 to \$180 a month in the public service - pre tax) has devastated the morale of a majority (by no means all) government and large enterprise employees.

Arguably having a functioning government that does - even if inadequately as it readily states - administer, provide services, review performance and devise policies to rebuild is a quite remarkable achievement under these circumstances.

The contention that the private sector has been frozen out was never as true as it was believed to be. The Portuguese private sector (colon and metropolitan) left despite attempts to encourage it to stay; Portugal nationalised the parents of many Mozambican enterprises; "intervention" of bankrupt private firms was not nationalisation (owners who will pay debts and rehabilitate can get them back, as some have done); the basic ration



(abastacimento) and textbook distribution systems are wholly private at retail level and have been for several years.

In any case, the present stress on full use of the private and familial (peasant and 'informal' non-agricultural household producers) is very marked. It probably exaggerates the capacity of the former outside the Maputo and Beira municipalities and beyond medium scale, simple sectors like Maputo passenger transport (a spectacular success of opening up to private enterprise). Foreign investment is welcome (retaking "intervened" firms, oil and mineral exploration and development, joint ventures, export platform companies - to date one shirt factory - the Beira Corridor Group etc). But given the security, infrastructure and economic conditions external private investment is, and - outside special niche areas - is likely to remain, very low in the 1990s.

#### Absolute Poverty: The Parameters of Penury

Over 60 %of all Mozambicans live in absolute poverty. Of urban Mozambicans this grim existence afflicts at least 30% and was as high as 50% at the time of the 1988 Urban Survey; of peri-urban Mozambicans about two thirds; of Mozambican refugees and dislocated persons virtually 100%.

Absolute poverty means exactly that. It is comparable to the bottom 40% of households in India and is characterised by over 60% of cash and self produced income going on food but not yielding an adequate nutritional level. Child malnutrition in urban Mozambique is over one third and in rural about two thirds according to the 1988 urban and 1989 rural sample surveys.

Outside urban areas the quantity and quality of clothing and of shelter is frequently appalling by any standards. War is a cause - destruction of housing and disruption of transport - trade - cloth production. But poverty locks the victims into this debased status quo - even with physical access to cloth (production of which is rising) or to construction materials, produce to sell and money to buy no longer exist. Where it has been possible to restore production and commerce - e.g. in cashew nut collecting areas and some vegetable and cotton growing localities there have been marked recoveries since 1986, but these remain the exceptions.

Basic service (primary health care, primary education, pure water, agricultural service) access is uneven and in a majority of districts exiguous both absolutely and in contrast to 1981. In health a claw-back has begun since 1986; in education rural enrolment is still falling; in water a crazy quilt of micro donor initiatives may or may not have halted decline but defies both broader rationality and the recreation of any national rural water strategy. Again war is the cause, resulting poverty (of the state to finance programmes and of rural families to pay fees) the lock on escape to decent, assured service provision. Agricultural extension is a somewhat special case - the colonial regime provided none to small black farmers and the 1980 Mozambican decision to focus on extension services to them lacked both relevant data on what to extend and trained personnel even before the rising tide of war swept over it after 1981.

The urban situation is somewhat less appalling because war has not physically swept over the cities - civil society, civil government, and both production and commerce have continued to function surprisingly normally even if under very severe financial, physical availability and skilled personnel constraints. The urban minimum wage of \$30 is designed to cover the basic food, clothing and shelter needs of a family of five and with secondary incomes (by other household members as well as the wage earner) in cash or kind (e.g. "green zone" food plots) of about \$15 a month can keep a household of five or six above the absolute poverty line. It is regularly revised in an attempt to maintain this position (including late 1988 corrections when the Urban Survey showed early 1988 price and wage changes had, in fact, radically increased absolute poverty).

But a core of 30% of urban households are in absolute poverty. The main groups are a) female headed households with no formal sector wage earning member; b) households headed by aged or disabled persons; and c) households with substantially above the average number of dependents and only one formal sector wage earner.

Basic services provision in cities is much better than in rural areas. Basic health services (including immunisation and mother/child clinics) are available. The 1988 introduction of consultation (excluding mother/child and immunisation) fees and drug charges has, however, sharply reduced use

(except for immunisation, mother/child clinics). Primary education is widely available, but with low teacher qualifications, virtually no texts, double or treble shifts and severe problems in teaching the medium of instruction, its quality leaves almost everything to be desired (e.g. 60% repeat/fail rate in first primary year and about 60% fail rate in specialised secondary programmes with the per cent higher for direct entrants from primary schools). Pure water provision in low income, outer urban areas is as low as 20% because little extension has been possible since 1981-2 for fiscal reasons and because money, shallow wells and some boreholes have become unsafe as a result of rising nitrate levels.

### Economic Reconstruction and Poverty Reduction

Mozambique's leadership has been among the first in SSA to assert that poverty reduction was necessarily central to economic reconstruction and that it must be an integral part of macro economic policy and project goals not ghettoised in a series of peripheral add on projects. To assert that and to cite the rebuilding of domestic demand as the first priority of a structural adjustment programme in 1986 was an act of vision and of courage. Since then serious attention has been focussed on articulating that approach and on convincing doadores of its feasibility and prudence. The 1989 World Bank "Long Term Perspective Study" (From Crisis to Sustainable Growth) now advances virtually the same analysis; a tribute to Mozambique's foresight and ability to stick to its position - and to persuade others to agree at least in part since no country in the world is more dependent on external aid food and finance.

This strategic approach has two fronts:

- a. more production by poor people to increase their incomes, food security and effective demand;
- b. increased access to basic services (health, education, water, extension) both to increase ability to work productively now and as human investment in the future but also as a direct contribution to improving the human condition of Mozambicans.

There is a secondary element - safety nets for those who either transitionally (e.g. internal displaced and severely war affected persons and returning refugees, female headed low income urban households) or permanently (urban severely disabled or aged) cannot produce enough to survive. The production focus has three components:

- a. expanding formal wage employment through general economic recovery and use of more labour intensive methods particularly in construction and infrastructural works;
- b. providing an enabling climate (access to education, tools, raw materials, markets) to the artisanal ("informal") production sector;
- c. restoring the base for rural sector familial (peasant) livelihoods including production inputs, extension, tools, rural infrastructure, basic services and the (largely private) rural commercial network (trade commercial).

Mozambique's strategy - hampered as it is by lack of peace, skilled personnel and finance - is progressing. GDP is rising; Mozambican consumer manufactures are available (and in households) in growing volume over a widening geographic range; Maputo streets have more people, vehicles, petty markets on them and the people look better dressed and more hopeful than in 1986 (even if still less so than in 1980); real expenditure (including aid in kind) on health and education is rising; commercialised production of both domestic food and industrial/export crops is recovering.

But this recovery remains fragile as well as partial. With exports of goods and services perhaps \$150 million, necessary goods and services imports - say - \$1,200 million and debt service actually paid about \$70 million, external 'balance' depends on \$1,100 million food, project and programme aid (plus ESAF) a year being mobilised and actually disbursed. The whole public capital budget and up to 50% of the recurrent must be financed out of that and physically it provides the 70% odd import content of private as well as public fixed capital formation except for limited vehicle, machinery and construction material items the private sector finances out of unrecorded remittances and border trade with South Africa

(probably under \$100 million at most half used to provide physical inputs into private capital formation). Similarly mass starvation can be averted only if 500,000 plus tonnes of grain (plus sugar, vegetable oil, beans/pulses) or cash to buy them are made available. Breaking the back of malnutrition would require at least 1,000,000 tonnes - a level never approached even at pledge levels, still less by deliveries.

#### Livelihood Reconstruction: From Emergencia to Rehabilitacao

Mozambique has over 1.5 million internally displaced people in camps totally dependent on support for survival; over 2.5 million displaced and severely affected who cannot fully support themselves; perhaps 2.5 to 3.5 million still in their home areas who have lost almost everything in the war and can at best eke out bare survival; about 1.25 million external refugees almost all dependent for survival on support. These people have been the subjects of Mozambique's Emergencia Programme and the UN organised external funding effort on its behalf and of refugee programme fund raising, especially in the case of Malawi.

The international response has absolutely and relative to other emergencies been both prompt and generous from 1985 to date. On average perhaps \$300 million has been disbursed each year and up to 550,000 of grain received as well as some logistical and transport support to make delivery possible; not insignificant quantities of household equipment, agricultural tools and seeds for households and a number of micro projects in support of health, water and education for deslocados and refugees.

But that support has in absolute terms never been adequate to do more than ensure bare survival. Counting refugees, 1.2 million not 0.55 million (0.70 million perhaps including refugees) tonnes of food were needed if serious malnutrition was to be ended. Logistical, transport, basic service and tool-seed-household equipment pledges - and especially deliveries - were far below pared to the bone estimates of need (except for seeds in one or two years). Worse 1989 showed a fall in pledges and even more in deliveries. "Donor Fatigue" has set in - if it is not reversed or new channels built the result will be donation non-recipient fatalities.

The 1990 Emergencia request is smaller and more narrowly focussed on food for deslocados and returnados plus a few afectados and on means to get it to them plus limited health, water, utensil inputs to camps. This is not evidence of less need still less of lower Mozambique Government concern. Rather it reflects a sad, battered 'realism' in respect to what donors will in fact be willing to pledge and to deliver.

But need is both increasing and being transformed:

- a. the increase in security allows persons previously in ba slave labour zones to escape to deslocado facilities or into Malawi and Tanzania raising the total numbers of deslocados and refugees;
- b. with the beginning of restoration of security and civil government, it has become clear that in some districts (especially in Zambesia, Nampula and Sofala) peasants who did not/were unable to flee have lost everything and - lacking the organised support deslocados do receive - are the poorest of Mozambique's rural poor;
- c. since mid-1988 up to 150,000 refugees have become formal returnados and perhaps 200,000 including self help returnees. As it takes 8 to 15 months to prepare land, plant, harvest a crop and few returnados have substantial food, seeds or tools the implications for support needs are obvious;
- d. deslocados and many afectados temporarily settled far too densely and in unsuitable areas for security reasons want to go home and must do so if they are to restore their livelihoods. To do so they need transport home, household equipment (e.g. buckets, plates, axes), agricultural tools, seed and food until a harvest is won;
- e. amnestados (3,000 plus to date) and their families like returnados and afectados need livelihood rebuilding support if they are not to return to the ba or set up as bandits on their own account. There is the added problem that many may need to be resettled away from the areas of their terrorist activities.

In other words, over 1990-95 support for 6 to 7 million rural Mozambicans is needed of the order of \$400 million plus a year. Initially much will be food plus vehicles (road and water) and road/minor port repairs to move it. But much more transport to home areas, household equipment kits, seeds and tools, have district basic infrastructure repairs are needed. By 1995 food production should have risen enough to reduce grant import needs to - with luck - 250,000 tonnes, but the livelihood rehabilitation cash needs will be peaking. This is especially true because much of the Mozambique sector familial practiced mixed farming. They have lost all their small and large stock. Livelihood rehabilitation needs to include provision of core poultry, goat, cattle and - in some districts - drought animals. Whether these can be bred/bought locally or need to be imported from Zimbabwe, Botswana, Malawi, Swaziland is secondary. The primary point is that for herders and mixed farmers livelihood rehabilitation without stock rehabilitation is not possible.

Mozambique's government does not care how the support for war affected persons' survival and subsequent livelihood rehabilitation is titled. It cares deeply that it is made available. The need for phasing Emergencia into Rehabilitacao within an overall Mozambique support strategy was stressed at the 1989 Consultative Group Meeting.

The danger is that Emergencia will be reduced and nothing take its place. Many aid agencies divide their programmes into Emergency/Disaster and Development/Economic Support. Rehabilitation of livelihoods (e.g. after droughts) regularly gets lost in a crack between the two. If that happens in Mozambique the cost will be measured in millions of dollars of rural incomes lost; hundreds of thousands of tonnes of grain not produced and tens of thousands of deaths adequate rehabilitacao funding could avert.

#### Poor Producer Enabling/Absolute Poverty Reduction

The articulation of policy and programme packages to enable poor Mozambicans to produce more and to put in placed the restored infrastructure (including commercial network) and basic services which are essential elements of any enabling environment is still in progress. Moving it ahead and increasing decision taking and programme operation

capacity for it (from the levels of a national census through strengthening District Administration) is a government priority.

Some elements are in a more advanced state of preparation than others. The largest is the Priority District Programme to give substance to the strategic priority of livelihood and basic service rehabilitation for the sector familial (peasants). This programme is to comprehend 40 (of 130) districts, initially for 3 years each (not all 40 sub-programmes are likely to be startable in Year 1). This selection is enforced by security, resource, personnel and infrastructure constraints. It needs to be stressed that this is the first broad front strategic initiative it has been possible to envisage in respect to the *campagna* (countryside) in a decade and that priority to 40 districts is not intended to imply nothing for 90 (nor would the Regional Popular Assemblies who will review programme priorities and performance permit such a static or exclusionist approach).

The PDP is not a 'parallel administration' approach. It will:

- a. coordinate basic service - health, education, water rehabilitation in the 40 districts;
- b. utilise provincial Works Ministries (using seasonal labour intensive methods already tested in rural Mozambique e.g. by ILO and UNICEF) to repair key infrastructure (especially bridges, stream crossing "boxes", culverts, roads, buildings);
- c. build up extension capacity in the Directorate of Rural Development in the Ministry of Agriculture (who are the coordinating directorate and ministry) and seek to identify existing and build up new agricultural research relevant to the sector familial;
- d. arrange for/ensure that adequate supplies of essential household (including house building ex axes, nails) equipment, seeds, tools are available to sector familial households (probably initially as grants given the administrative horror of small loan administration and then via the *rade commercial*);



- e. liaise with the National and Provincial Ministries of Commerce (and Agricultural Fondos) on steps to enable the rural trade commercial to have access to goods to sell, working capital to buy produce, vehicles to transport goods/produce and godowns for storage;
- f. strengthen District Administrations to carry out the basic work in each district;
- g. build up contact at all levels with the sector familial to ensure that planning and programme operation do, in fact, correspond with their needs and capabilities;
- h. work with the National Planning Commission, Interministerial SDA Commission and Ministry of Finance to relate the PDP to national strategies and programmes and to mobilise domestic and external finance.

A basic service example is the revival of the APE (front line community health worker) programme. This programme built up in the late 1970s and early 1980s is basically an extension, popularisation, public health education system based on village cadres with short course training. Its links to basic health service units (postos, centros, mother/child clinics) and training always needed refinement - which is now beginning - but the basic problems leading to its post 1981 decline relate to war disorganisation of rural life and reduction of rural incomes. The programme was substantially local community supported (most of APE salaries in cash or kind); an approach not now possible in most districts. The survival of APE's in the least war torn province and several other districts where external support was available demonstrates its continuing interest to the sector familial. The community contribution (in cash, labour or kind) is to be rebuilt over time as community ability to pay rises but will initially be under 5% of total costs and 15% of APE pay.

Urban water supply has not been able to keep up with urban expansion in the canico (literally cane as opposed to concreto, i.e. concrete structure) wards. This is partly general budgetary stringency and partly past bipolar donor concerns: rural water supplies and major urban water/drainage/sewerage schemes which left a sub-urban/peri urban gap.

Maputo's canico is probably 25-35% served directly by public facilities (largely stand-pipe), 30-40% by private water sellers (who may retail stand-pipe or piped public water or use other - often unsafe - sources) at costs far above concreto (centre city) water piped to houses, and 30-35% household collected largely from relatively distant and/or unsafe sources. Shallow wells are now far above acceptable nitrate levels and some deep wells may become so (population density means that even improved latrines pollute the groundwater) so that the only practicable water source for more fountains (stand-pipes) is secondary pipes from primary mains.

It is intended to set up several canico and peri-urban neighbourhood sets of fountains. Charges will be set in agreements with community user committees who will collect them (on whatever system - per household, per user, per use with or without progressivity and/or exemptions - they select) to cover a substantial share of operating and maintenance costs. If successful, the approach will be generalised to other cities and large towns.

As noted, urban employment (formal and informal) expansion and protection of minimum wage purchasing power ("fair price" shops for staples, plus adjustments to the nominal salaire minimal) are the key instruments toward reducing urban absolute poverty. However, urban survey data suggest 15% to 25% of households cannot be protected by these means.

These are largely those headed by females and by aged or crippled persons with no wage earner and those with one low wage earner but an above average number of dependents.

Because local level data are good and both civil and bureaucratic records exist, it is possible to set up an income supplement toward food security for these categories. The Mozambique government has decided to do so and is seeking the \$15 to \$20 million a year needed to finance it for about 400,000 persons at Mt 2,500 (\$3) per month. That level of expenditure (via entitlement cards payable at bank branches for households with no employee and by employers to employees) would cover the ten main cities. The initial programme in Maputo is in the final stages of design and will be followed by other cities as soon as it becomes fully operational.

### In Summation and Looking Ahead

Mozambique is making visible, significant and sustained progress on the security and macro economic fronts. It shows great concern for building enhanced production by (including employment of) poor people and extension of basic services (human investment) to all Mozambicans. In the latter regard the number of programmes designed and the priority accorded them is convincing evidence that these are real political economic priorities not lip service.

However, Mozambique's sustained progress along these lines - enhanced security, rebuilt economy, reduction of absolute poverty - is at risk:

- a. civil service morale (with many exceptions at the higher levels in Maputo and some Provincial Capitals but fewer elsewhere and at lower levels) is poor - unlike military morale which is rising;
- b. in many rural districts civil society morale remains low - albeit in a majority of cases well above 1986 or 1987 and in some strikingly so;
- c. urban civil society morale - especially but not only in Maputo - is rising and in some cases is surprisingly high but this - like the rural improvements - depends on post 1986 improvements and will prove a wasting asset if they cannot be sustained, built upon and speeded;
- d. while the plans and programmes sketched would do much to raise morale (including in the civil service which needs better training, somewhat higher material incentives but above all visible results from its efforts) they depend on foreign exchange and fiscal flows beyond the direct control of the Mozambican state or civil society as well as on continued security gains which remain somewhat problematic so long as the bandidos armados clearly retain substantial external sponsorship.

### Donor Driven or Donor Fuelled?

It has already been noted that Mozambique earns only enough foreign exchange from visible and invisible exports to cover retention allowances

to cover their import cost; external debt service paid; electricity imports; the foreign exchange costs of Air Mozambique, the diplomatic service and necessary official travel and a small proportion of fuel imports. Similarly, under present economic conditions and production levels domestic revenue can cover somewhat over half the Recurrent Budget and none of the capital. These realities cannot be changed rapidly.

Therefore, Mozambique is totally dependent on external support for achieving survival of hundreds of thousands of its people as well as for economic and social rehabilitation and renewed development. This is the cost of externally imposed war by sabotage and terrorism superimposed on a traumatic post-independence transition, problematic past policies and unfavourable exogenous (local climatic and global economic) events. Mozambique is therefore, not directly comparable to Southern African countries less affected by war like Tanzania, Zambia or (because sabotage and terrorist incursions have been limited so that the production base is not crippled despite overwhelming military expenditure and extra transport cost bills) Zimbabwe.

Mozambique's economy and expenditure patterns have been described as "donor driven". That, unfortunately and unnecessarily, has been true since the early 1980s and until 1988 increasingly so. Because a host of multilateral, bilateral and non-governmental donors all with their own (frequently inconsistent) priorities and ideas have interacted with a dangerously understaffed and undertrained civil service coping with multiple crises, the results have been both inefficient and damaging to Mozambican morale and self-respect.

What is needed is a donor fuelled strategy - made by Mozambique in consultation with donors and, necessarily, financed by them. The thrust of Mozambican strategy and policy sketching, articulation and capacity development - as illustrated in its presentations to the 1989 Paris Consultative Group Meeting - is toward achieving that transformation in relations with external donors. (Donors is usually the correct term: with limited high productivity - high foreign exchange saving or earning - speedy payoff project exceptions Mozambique cannot afford anything except grants and soft loans).

At one level what is required is a change in attitude. Because an economy is war ravaged and structurally weak; a state short of experienced, trained senior personnel; a Treasury unable to cover the minimum costs of essential services (including self-defence and security without which normal civil society and economic life are impossible) does not mean the absence of participatory or national interest directed political processes; of civil society at community and broader levels; of a functioning (even if feebly) civil government providing genuine services; of political vision; of enterprise and household entrepreneurship; of strategies and projects deserving technical and financial support rather than rejection out of hand in favour of someone else's agenda. This indictment of present donor attitudes is harsh - the Mozambican Government is considerably more charitable in its assessments - but it is not so much a criticism of intentions as of outcomes. It is hard and slow to deal with a bureaucracy with limited technical expertise (especially when a high proportion of its time is necessarily devoted to explaining things to donors not to getting programmes articulated and into operation. There are very clear and urgent needs donors and Mozambique agree on as to identification and most aspects of initial action. The pressure to act now and consult in any depth with Mozambique later and to respond ad hoc outside any overall strategy is very great. But the costs of this form of crisis grappling are high especially as the focus turns from survival to rehabilitation, structural transformation and renewed development.

At another level several concrete aspects or instrument clusters essential to a donor fuelled approach can be identified:

1. rehabilitacio (rehabilitation of household livelihoods) must follow on from emergencia for at least five years at a level of about \$400 million a year or neither short term physical or entitlement food security nor restoration of over 1 million sector familial (peasant) households to self-reliance can be achieved;
2. major projects and programmes need to be evaluated in terms of direct and indirect employment and income distribution effects as well as on rate of return, fiscal and foreign exchange impact;

3. creation of an enabling environment for the sector familial to produce more - as spearheaded by the Priority District Programme initiative - is crucial to poverty reduction, to both physical and entitlement food security and to macro economic restructuring and imbalance reduction. Its core elements will - once 40 district programmes are in operation - cost at least \$100 million a year;
4. basic service restoration and expansion is not an amenity for the post-recovery period but a human and productivity investment vital to both short and long term productivity and production expansion - a fact recognised in the increasing (if still somewhat haphazard) foreign exchange and counterpart fund support donors are making available to its dominant recurrent as well as its secondary (even though also priority) fixed capital side;
5. more standard capital projects do continue to be important, e.g. railway, highway and port rehabilitation and telecommunications strengthening (sectors relatively well articulated and designed at policy and project levels), in power generation (not least linking Cahora Basa dam to the Southern Grid and Swaziland when security permits), etc;
6. No donor programme not addressing loosening Mozambique's personpower constraints can be adequate. Strengthening local capacity and local course availability - including part-time, in-service programmes like the (UK) Open University's MA in economics - must be the main instrument quantitatively even though short and long overseas courses remain necessary in special fields. But that cannot deal adequately with the current desperate shortage of middle level technical and professional staff. 1980's - let alone 1990's - technical assistance models for, e.g. Zimbabwe or Tanzania or Ghana or Senegal are inappropriate because the citizen staffing capacity (as a result of the colonial and war heritage, not lack of priority) is lower than Tanzania in 1966 or Senegal in 1961 or Ghana in 1956. Mozambique needs accountants, engineers, rural programme articulators, statisticians and similar middle (or lower high) level personnel for line operating positions for up to five years. Without perhaps 1,000 such persons indented for by Mozambique to fill its particular needs,

additional high level advisers will be as crippled by gaps in data, analysis, articulation, implementation and monitoring as are Mozambique's - often very able even if not so often very experienced - top political, civil service and enterprise strategic and policy formulators, decision-takers and managers;

7. Overall net Overseas Development Assistance (ODA) at disbursement level needs to be at least of the order of \$1,250-1,500 million (including technical assistance and rehabilitacio) a year for at least five years. (Pledges have been up to at least \$1,200-1,300 million in some recent years.) Of this at least one-third should be allocated to programmes directly focused on poverty reduction through enhanced production by poor people and extended basic services. That \$450-500 million would cover the non-survival food aid component in rehabilitacao, the sector familial initiatives and much of the basic service rehabilitation and extension as well as selective support to urban informal and small enterprise sector recovery and expansion.
  
8. Mozambique's external debt of the order of \$3,000 million is both crippling and unpayable. Certainly rescheduling by the Paris and London Clubs has been generous by past global standards. But \$70 million a year (the maximum payable) does little more than cover IMF and World Bank debt service, leaving arrears on other rescheduling arrangements ever rising. Realistically a total write-off of all bilateral debt (including exporter government guaranteed credits) incurred to the date of the write-off (or - say - 31-XII-87) and a bilateral donor buyout of rescheduled London Club debt at \$0.10 on the \$ would make sense for Mozambique and the nominal creditors who cannot ever be paid (unless they choose to make new grants to pay off old loans). It would leave a clean slate on which to plan prudent grant-soft loan-limited commercial loan strategies, targets and ceilings for Mozambique and its external cooperating partners. The opportunity cost of repeated reschedulings (at the Paris Club and in bilateral follow-ups) is very high:
  - a. the drain on senior Mozambican macro economic personnel time (its scarcest resource) is very high; perhaps 10% to 15% of all Ministry of Finance university graduates' person months;

- b. the uncertainty as to getting reschedulings and the consequences if they are delayed impedes Mozambican (and one assumes aid agency) forward planning:
- c. so long as it is pretended that the past debt will be repaid no rational new soft loan, limited commercial loan, trade revolving credit strategies or projections are possible.

If full write-off now is not practicable a cost reducing formula might entail:

- 1. further write-offs on government/government guaranteed debts;
- 2. rescheduling all 1990s Paris Club (and other external government or government guaranteed) debt service plus all current arrears for 10 years with interest at 2% on rescheduled balances also rescheduled and the practicable ultimate repayment schedule (if any) to be negotiated in 1998;
- 3. a bilateral donor buy-out of non-performing commercial bank loans (including arrears) analogous to that done for Bolivia (at - say - one-tenth face value).

These are not minor proposals. But in real cash flow terms they would not increase the pledged Emergencia + Consultative Group + Other Aid flows by more than 20%. Nor are any of the components in contradiction either to any current basic principles of Overseas Development Assistance (ODA), of the World Bank's Long Term Perspective Study for SSA nor of UN ECA's "Transformation" (African Alternatives) approach.

à luta continua!

*Reginald Herbold Green*

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### Author Note

Reg Green is a Professorial Fellow at the Institute of Development Studies (Sussex) and has been a student of the political economy of Africa for 30 years. He has taught, researched, consulted and/or been a civil servant in over 30 African countries. His experience in Mozambique goes back to 1980. He is a consultant to UNICEF and an adviser to the Mozambican Ministry of Finance and is likely to become Senior Social Policy Adviser to the National Planning Commission. However, he wishes to emphasise that the analyses and views set out in this paper are his personal responsibility and are not necessarily those of UNICEF or the Government of Mozambique.