

The right medicine

Mozambique is emerging from the civil war with hope as its single biggest asset

As the peace process unfolds, Mozambicans are waking up to the fact that it will take more than peace to turnaround their country which has become one of the poorest in the world.

The impact of the civil war was devastating. One million people dead, more than US\$5 billion worth of infrastructure destroyed, and more than four million people displaced internally or forced to seek refuge in neighbouring countries.

The odd thing about Mozambique is that even without the civil war, what the Portuguese left behind was too little for the country to fend for itself. Out of a territory of 800,000 square kilometres with 16 million inhabitants, the country has a network of 20,000 kilometres of which only 5,000 kilometres are paved.

Food production was highly concentrated in the peasant sector which produced 90 per cent of the country's marketed output, while commercial farming concentrated on cash crops. The only sectors that were developed were the relatively advanced transport sector that served the land-locked countries and the fishing industry, dominated by foreign companies.

Against this backdrop, it is not difficult to understand why one in every three Mozambicans is said to be living below the poverty datum line. The United Nations estimates that 375 out of every 1,000 newborns die before their fifth birthday. Even the UN estimates of a gnp per capita of US\$80 is now being questioned by local economists who suggest that, without the foreign aid component, this figure could be as low as US\$20.

The country's economic situation can be described as desperate. For example, last December some 42 international banks to whom the Mozambican government owed US\$360 million were happy to sign agreements to get back only US\$10 cents for each dollar they had loaned to the country. The Portuguese opted for a debt equity swap for some US\$150 million worth of Mozambique's US\$500 million debt owed to them as a way of encouraging Portuguese companies to invest in Mozambique. These arrange-



Peace and hope are not enough

ments might sound odd, but it was the best they could get from a country with an external debt of over US\$7 billion, whose exports earning last year stood at US\$142 million, while imports were in the tune of US\$900 million.

Government officials in Maputo enjoy boasting about how they brought down the overall budget deficit from 12.6 per cent of Gross Domestic Product (gdp) in 1990 to 7.2 per cent. But behind this seemingly encouraging development lies a stark reality. In the same year, the budget deficit, before international grants, stood at 33 per cent of gdp. The country in other words is technically bankrupt.

Last year the country's parliament had to go into a forced recess, because the 1993 budget could not be tabled for discussion before the results of the Consultative Group meeting in Paris, France.

For its survival, Mozambique has been forced to rely increasingly on the generosity of the international community, which channels an average of US\$1 billion every year in the form of food aid, debt relief, balance of payment and import support, technical assistance and so on.

This reality will not disappear overnight with the advent of peace. The consequences of the civil war will haunt the country for years to come. Suddenly the country finds itself with 107,000 demobilized soldiers and tens of thousands of irregular troops whose only skill is the use of a gun. Early this year, donors pledged some US\$320 million at a conference in the Italian capital to finance the post-war reconstruction programme. Another conference will take place in June in Maputo to assess the pledges made so far, and seek additional support.

The United Nations Office for Humanitarian Assistance Coordination (UNOHAC), set up specifically for the Mozambican operation, is not swimming in money. The institution puts its requirement for this year alone at US\$560 million, of which only US\$404 million have been pledged so far. This amount will cover the costs of the humanitarian assistance aspect that involves the resettlement of more than three million people internally displaced and some 1.5 million Mozambicans who will be repatriated from neighbouring countries.

The odd aspect about the whole process is that the assistance will not be confined to the victims of the conflict, but also to those who were in one way or another responsible for it. The UN has agreed to set up special trust funds totalling US\$300 million to fund the activities of the political parties, apart from Frelimo and Renamo, that have mushroomed ever since the democratic process was set in motion.