

MOZAMBIQUE

A nation in transition

1991 was one of the most promising years in the recent history of Mozambique despite the continuing difficulties and differences between the Frelimo government and the rebel group, Renamo. Both sides have steadily moved towards the solution of the country's fifteen year old civil war.

The first major break-through came on 18 October 1991 in Rome when Frelimo and Renamo signed Protocol I outlining political principles of co-operation after twelve years of destabilisation and increasing foreign aid involvement.

The eighth round of talks ended equally positive on 13 November 1991 with the signing of Protocol II, an agreement on the formation and registration of political parties and the electoral law. The Protocol gave Renamo its long coveted status as a legitimate political party, although it is still in the process of establishing the necessary structures and policy formulations.

In return Renamo has acknowledged the legality of the present government and the existing laws, promising to abide by them.

The two Protocols have marked a significant step forward and the development of a country described by the World Bank as "the poorest, hungriest, most aid-dependent country in the world." Mozambique's current debt stands at \$5,000 million or 366 per cent of Gross Domestic Product (GDP). Debt relief has been very sporadic, taking the form of roll-overs rather than write-offs. Each year Mozambique pays \$100 million interest payments mainly to the IMF and World Bank.

The debt problem is currently being "solved" by giving foreign creditors, primarily the Portuguese, a share in Mozambique's national economy. As a result many Portuguese who fled the country in 1975 are re-acquiring assets without investing financially in the country. Mozambique consequently was impoverished in real terms through this privatisation campaign. The IMF provided a loan of SDR 30.5 million (\$41 million) under the Enhanced Structural Adjustment Facility (ESAF) last October.

Aid currently provides 70 per cent of Mozambique's Gross National Product (GNP) and "is used to extract initial policy concessions and... is being used to rebuild Mozambique in a new image,"

according to Joseph Hanlon a writer on Mozambique. Aid organisations are in a position to undermine the government and divert resources from Frelimo initiatives by setting up their own parallel structures.

In 1990, the inflation rate stood at 47 per cent while per capita consumption fell by 2.5 per cent, reflecting a fall of 12 per cent in public sector real wages. The metical, the national currency, was repeatedly devaluated to the current official exchange rate value of MM 1,613 to one US\$.

Destabilisation has been an important feature in post-independent Mozambique, costing the country approximately \$20,000 million or four times its external debt. "There is now massive evidence that it was outside action and not a civil war that got this thing going" argued Joseph Hanlon. "Frelimo's errors, however serious they were and they were serious, then became the secondary problem."

Undoubtedly, the war situation has complicated the task of economic recovery. Since the mid-1980s, Mozambique has turned to the West for aid. This came at a time of political reappraisal within Frelimo itself following the death of Samora Machel and President Chissano's decision later to pursue more market-orientated economic policies. But even long after Frelimo abandoned "Marxist-Leninism" as the official ideology investments are yet to pick up; investors have been reluctant to come forward mainly because of the political uncertainty and the economic chaos in the country.

Although the future of Mozambique still looks bleak, prospects are better now than at any time during the last five years, observers say. The stabilisation of southern Africa in the past year, the movements towards peace in Angola and Namibian independence two years ago, have given new hope of a lasting political solution and economic development in Mozambique.

The fact that the negotiations are still continuing despite the political posturing of both parties, represents a sign of hope for Mozambique, observers say. Should a ceasefire be agreed upon in the current round of discussions in Rome, observers are almost certain that elections would be held within a year.

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