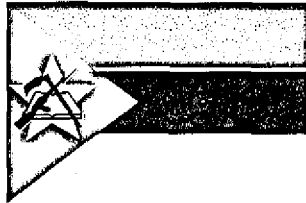


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## Mozambique: A Lasting Peace?



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# **Mozambique: A Lasting Peace?**

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# Mozambique: A Lasting Peace?

Sanusha Naidu<sup>1</sup>

## Introduction and summary

Mozambique is perhaps the most successful state in the region in terms of its recent economic progress. Since the signing of the General Peace Accord (GPA) in 1992 in Rome, Mozambique has recorded phenomenal economic growth rates. This has enabled Mozambique to make the 'A-list' of the World Bank, International Monetary Fund and the United Nations in terms of being a blueprint for post-war reconstruction. Yet as one makes one's way from the airport to downtown Maputo, one is immediately struck by the image of two opposed worlds collapsed into one. It is characterised by streets whose pavements are crowded with informal traders and whose empty spaces are invaded by shanty-towns, while in the background lurk the palatial villas of businessmen, donor agencies, international governmental organisations and government officials. This juxtaposition of two different worlds is what captures the attention of almost any visitor making the bumpy ride to the city centre.

Situated on the east coast of Africa, Mozambique is one of the continent's most important geographical and strategic countries. Not only does it link Africa to the east, it also boasts a geopolitical significance because it serves as

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<sup>1</sup> This study is based on a review of literature on the democratic process in Mozambique, as well as a series of interviews conducted in Mozambique and South Africa during November and December 2000. The majority of interviews were conducted either off the record or as background to substantiate information gathered from published sources.

a gateway for the Southern African Development Community (SADC) to penetrate markets in the Indian Ocean Rim and South-east Asia. Such geopolitical factors are key in the current re-ordering of the global economy, where regional groupings are seeking to consolidate their position in terms of trade and investment opportunities abroad.

Given Mozambique's strategic location as a transport corridor with access to ports and harbours in Beira, Inhambane, Maputo, Nacala, Pemba, and Quelimane, the landlocked states of Zimbabwe, Malawi, and Zambia realise the country's importance to their own geo-economic expansion. Also Mozambique remains critical to the continuing development of the SADC region from another perspective. Leaders and policymakers within SADC are fully aware that the long-term maintenance of political stability in the country is crucial not only for the sake of the Mozambican state and the welfare of its citizens (given its tumultuous past), but also in terms of regional stability. The SADC region has more than its fair share of chronically unstable member states, which continually undermine the process of meaningful integration. Zimbabwe is the latest country to be racked by political uncertainty. Therefore, for SADC to become a genuine player in the global economy, its housekeeping problems must be addressed and resolved in a more constructive manner. If not, the prognosis for the region looks bleak.

In light of this, Mozambique's stability is of paramount concern to SADC. Yet two critical questions arise at this juncture. These are: Can Mozambique's fragile post-war reconstruction continue? And, is Mozambique truly a success story in terms of its transition to a post-conflict society?

## Behind the successful facade

The road to multiparty democracy in Mozambique began in 1992 with the signing of a peace accord between the two main opponents, the *Frente de Libertação de Moçambique* (Frelimo) and the *Resistência Nacional Moçambique* (Renamo).<sup>2</sup> This effectively brought to an end 16 years of civil war. Although

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<sup>2</sup> For a concise overview of the issues surrounding the peace process in Mozambique, see Armon J, Hendrickson D & A Vines (eds), 'The Mozambican process in perspective', *An International Review of Peace Initiatives: ACCORD*, Issue 3. London:

the peace process was largely engineered by developed countries such as the US and Italy along with South Africa, and supported by the Roman Catholic Church and big business, it was also assisted by power relations within the region. Regional leaders like President Daniel Arap Moi of Kenya and President Robert Mugabe of Zimbabwe played a strategic role during the peace process, especially in facilitating talks between Renamo and church leaders. Following the protracted negotiations, the parties agreed to hold the first democratic election in 1994. This decision was a historic victory for the people of Mozambique as well as for the international community.

The signing of the peace process, followed by the 1994 elections, ushered in a new era in Mozambique's history. Firstly, it brought stability and a peaceful transition. Secondly, it nurtured the economic environment, and enabled the Frelimo-led government to pursue sound economic fundamentals which have resulted in remarkable growth levels. Finally, it installed a democratic process which institutionalised the principles of a free press, the support of basic human rights, and an active civil society. Most important in this regard has been the participation of ordinary citizens in the electoral process. All in all, this is what many see as the success story of Mozambique. However, this picture masks the real threats to development which exist within the country.

In recent months it has become evident that Mozambique is at a crossroads. There is doubt as to whether any political rapprochement between Frelimo and Renamo has emerged since 1994. In fact, Renamo continues to feel marginalised and excluded from influence and power, while Frelimo continues to strengthen its position as the ruling party. If anything, the rivalry and animosity between the two parties have increased. Furthermore, the benefits of the phenomenal economic growth are not accruing to everyone in society. Instead the gap between the rich and poor is widening, and is fuelled by corruption, uneven levels of development between the provinces, and increasing poverty. In addition, reconciliation is being overshadowed by the winner-take-all electoral system, which is underpinned by the 1990 constitution. Given these prevailing threats, the situation in Mozambique appears to be more fragile than meets the eye at first.

Thus far two influences seem to have helped Mozambique to maintain its

equilibrium: the role of the international community, and the spirit of the Mozambican people.

For the international community it was extremely important that Mozambique should succeed in the light of the debacle that attended Angola's efforts to reach a lasting peace. The sponsors of the peace process wished to demonstrate to the rest of the world that even Mozambique, which is considered to be one of the poorest countries in Africa, could stage elections like any other democratic nation. To ensure that the commitment to the democratic process did not falter, international donor agencies channelled large amounts of aid into the country to help develop and maintain democratic institutions and structures, while other donor agencies set up operations within the country to ensure that the democratic process was not undermined. But for how long will the donor agencies manage and sustain Mozambique's democracy?

On the other hand, 16 years of civil war had taken their toll on ordinary Mozambicans as well as the soldiers on both sides. They were tired of the constant fighting, and wanted to return to a situation of normality, where an improvement in economic and social living conditions could be guaranteed. Another factor that has underpinned the relative political stability thus far is the issue of resources. Unlike Angola, which has diamonds that have made it possible for the *União Nacional para a Independência Total d'Angola* (Unita) to continue to fund its conflict with the *Movimento Popular de Libertação de Angola* (MPLA) government, Mozambique does not have valuable resources that Renamo can appropriate to start a war of attrition against Frelimo.

However, what may appear to have been a remarkable recovery from the bitter years of civil war is once more set at risk by the climate of political uncertainty. Now more than ever, the balance is being threatened not only by the political seesawing between Frelimo and Renamo, but by the failure of government to address popular aspirations.

## Historical background

Mozambique has an interesting and diverse historical background. A combination of Arab, British, and Portuguese influences, coupled with indigenous traditions, underpins the political, economic and social landscape

of the country. Portugal colonised the country, but it was a weak metropolitan power which was unable to exploit the colony's resources effectively or to establish an efficient administration. As a result vast areas of the country were carved up and leased as concessions to private firms. These firms operated as independent fiefdoms which maintained almost complete control over large swathes of territory, and became notorious for both forced labour abuses and failure to develop their territories. They maintained control until the 1930s, when their leases expired under the centralising policies of the Portuguese dictator Antonio Salazar.

Having wrested control of the territories from the concession companies, the Colonial Administration intensified its involvement in Mozambique. From the 1950s and continuing for two more decades, there was a steady inflow of Portuguese settlers to the colony, stimulated by changes in colonial investment patterns. The authorities issued a series of development plans designed to extend and upgrade Mozambique's transportation and communications infrastructure, to encourage those Portuguese who had accumulated capital from monopolies to invest in, expand and, diversify their undertakings. The generally favourable prices for tropical commodities in the post-war era fuelled the trend, and the colonial economy expanded quite vigorously, encouraged by the influx of Portuguese settlers who took advantage of employment and business opportunities. By the early 1970s more than 200,000 Portuguese nationals were resident in Mozambique. However, the authorities still maintained a tight rein over African economic and physical mobility. They stifled the evolution of an indigenous petty bourgeoisie by monopolising skilled labour opportunities, and suppressed nationalist aspirations by barring Africans' access to bureaucratic and administrative power. However, despite the repressive stance adopted by the Portuguese administration, anti-colonial groups were formed. In 1962 Frelimo was born out of a coalition of three banned political groups. Frelimo became the champion of the struggle for independence, and from 1964 a 'national liberation struggle' began to gather momentum. Operating from bases in Tanzania, Frelimo conducted a classic anti-colonialist guerrilla war, chiefly in the north of the country, politicising a sympathetic rural population in the process.

The turning point in the liberation struggle came on 25 April 1974, when a military coup overthrew the Salazar regime in Portugal. This change in the



structure of power in Portugal forced the regime to make a rapid exit from Mozambique. Frelimo, which had yet to penetrate the central and southern regions of the country, capitalised on the situation to ensure that it would emerge as the dominant indigenous political force. Even though there were individuals in Mozambique who resisted Frelimo's authority, the internal chaos in Portugal compelled the newly elected administration to grant Mozambique its independence without delay. Initially Portugal requested that elections should be held, but this was rejected and arrangements were made for the direct transfer of power to Frelimo. On 25 June 1975, Mozambique became an independent state under the leadership of Frelimo, with Samora Machel as the first president. This victory for a movement which claimed to represent the people of Mozambique seemed to mark the beginning of the road to democracy.

### *Mozambique after independence*

Mozambique gained its independence amid a chaotic and violent exodus of Portuguese settlers, including almost all of the technically-skilled and managerial elite. Property and productive infrastructure were sabotaged and abandoned, and the country was left with a largely dysfunctional economy and an unskilled human resource base. Frelimo inherited a markedly fragile state, with the government and the economy left in the hands of inexperienced Frelimo cadres with little formal training and a high rate of illiteracy. Despite the political and administrative disarray, Frelimo asserted its own vision of national unity, swiftly consolidating one-party rule and implementing a range of other measures to limit opposition and establish control over the populace.

The most important focus of the Frelimo government was to create a non-racial, classless society. The Party's socialist values became the underlying basis for governance.<sup>3</sup> While some might argue that the socialist project was weak and without merit, at the time socialism offered an alternative political system to the Western form of government, which leaders of liberation

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<sup>3</sup> For a discussion of Frelimo's 3<sup>rd</sup> Party Congress, where the liberation movement was formally transformed into a Marxist-Leninist vanguard party, see Rupiya M, 'Historical context: War and peace in Mozambique' *ACCORD*, *op. cit.*

movements saw as perpetuating exploitation and class divisions. In line with a socialist vision, Frelimo committed itself to a centrally planned economy.<sup>4</sup> However, the vision of winning the hearts and minds of the people was not entirely altruistic. Guided by its need to establish firm control, Frelimo took punitive action against those who had opposed them, including the Roman Catholic Church, which it accused of aligning itself with the colonial regime.<sup>5</sup> Most of the measures adopted by the new government were aimed at protecting its power base.

Despite the nationalist rhetoric, the new administration was accused of giving certain groups preferential treatment, which heightened tensions in some rural areas. Large estates which had been abandoned by the Portuguese were taken over by the state. These farms absorbed the bulk of agricultural investment, while peasant production declined sharply. The resentment this caused was heightened by Frelimo's largely compulsory 'villagisation

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<sup>4</sup> Ostheimer A, 'Transforming peace into democracy: Democratic structures in Mozambique', *African Security Review*, 8, 9, 1999, p.16. The author provides a concise overview of Frelimo's socialist vision and the inherent weaknesses associated with this vision.

<sup>5</sup> In this regard Frelimo established 're-education camps' for dissidents and opposition leaders. Moreover, Frelimo placed severe limitations on the role and authority of traditional leaders by setting up Dynamising Committees. These committees were given extensive powers to supplant the authority of traditional leaders in rural areas. In urban areas they were instructed to send 'unproductive' residents to 're-education camps'. Intrinsically linked to the issue of traditional authority was the question of land, which Frelimo brought under the control of the state. This caused serious tensions between the state and traditional leaders as well as for many farmers who wanted to see the land returned to their families. For the impact of Frelimo rule on traditional authority, see West HG & S Kloeck-Jenson, 'Betwixt and between: "Traditional authority" and democratic decentralisation in post-war Mozambique' in *African Affairs: Journal of the Royal African Society*, 98, 393, October 1999, pp.455-485. The government also established the National Service for Public Security (SNAP), which was a secret police service given immense authority to detain people suspected of anti-state activities. Finally the government cracked down on religious groups, who they believed had sided with the colonial regime. See Rupiya, *op. cit.*, p.12.

programme', which compelled peasants towards communal production.<sup>6</sup> Their greatest mistake was to marginalise the traditional authorities.<sup>7</sup> Ultimately, Frelimo's ambitious nationalisation project evolved into a centralisation of economic and political control. The zeal of the Frelimo elite soon turned into a form of authoritarianism, which eventually created acute economic cleavages between the ordinary citizens and the ruling elite.

Frelimo's aggressive assertion of control, its lack of accountability, and its Marxist approach to running the country, which involved the identification of 'class enemies', soon produced aggrieved groups. Where pockets of resistance emerged, they were eliminated, and the party established an unchallenged authority over the political landscape. When organised resistance did come, it was mainly driven by outside intervention.

### *The civil war*

The outbreak of the civil war was directly attributable to the state of regional politics at the time. Frelimo's victory in Mozambique had a contagious effect on other liberation movements fighting for independence within the region. It renewed the motivation of these movements to increase their struggle against the white minority regimes in Rhodesia and South Africa. The Frelimo government was sympathetic to these movements, and allowed them to use Mozambique as a base for counter-insurgency. It was in this context that Renamo was born.

Renamo was formed in 1977 by the Rhodesian Central Intelligence Organisation in response to President Machel's growing support for the Zimbabwean National Liberation Army (Zanla), and his enforcement of UN sanctions against Rhodesia. Renamo comprised soldiers who had fought with the Portuguese during the colonial war, as well as Frelimo dissidents. Its initial objectives were to destabilise the Mozambican government and provide

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<sup>6</sup> The communal villages were also used as counter insurgency bases by the government against attacks by the Rhodesian armed forces and internal opposition groups. This allowed the government to have greater control over the communes and over the rural population who worked on these farms.

<sup>7</sup> West *et al*, *op. cit.*, p.461.

intelligence on Zanla guerrillas operating within its borders. In pursuing these aims, Renamo enjoyed limited grassroots support and did not pose a serious threat to Frelimo. However, this changed after 1980, when Rhodesia (now Zimbabwe) was granted independence and Zanla took control.

Zimbabwe's transition to majority rule effectively left Renamo without a sponsor. Eventually control of the group was handed over to the South African Military Intelligence Directorate (MID). South Africa's aims in revitalising Renamo were to counteract Mozambique's support for the armed opposition to apartheid, and to block landlocked Zimbabwe's access to the sea through Mozambique, so as to increase South Africa's dominance within the regional economy. Under South Africa's tutelage, Renamo's strength increased, and the movement was characterised by acts of violence and brutality. By 1982 Renamo was active in most parts of Mozambique, especially up north and in the centre of the country, becoming a serious military threat to the government. Its grassroots support, notably amongst the rural poor, also grew because Frelimo's authoritarian approach had led to ambivalence and hostility towards the government. This exacerbated the civil conflict, and helped Renamo exploit the situation.

In 1984 South Africa and Mozambique signed the Nkomati Non-Aggression Pact, which laid down the foundation for a cessation of hostilities between both sides. In exchange for South Africa halting its support for Renamo, the Frelimo government agreed to close down ANC military operations from its territory. A series of South African-mediated negotiations also took place between Frelimo and Renamo, in an attempt to reach a lasting settlement to the war. However, these talks collapsed under pressure from the South African military and other opposition groups. Even though Frelimo stuck to the terms of the Nkomati Accord, by and large, South Africa did not, and continued to support Renamo covertly. Eventually this led to the breakdown of the Accord.

Renamo's new insurgency tactics were more destructive than before, and included the targeting of key strategic areas and civilians. Instilling fear and terrorising the rural population became the hallmark of Renamo's offensive, as part of a standard terrorist strategy intended to advertise the rebels' strength, weaken the authority of the government and to undermine the rural production systems on which Mozambique depended. To this end Renamo

destroyed transport links, health clinics, schools and all other infrastructure that represented social security and government provision. By the late 1980s Mozambique had dissolved into one of Africa's greatest humanitarian disasters, with the state moving towards total collapse.

The Frelimo government, on the other hand, was faced with a demoralised army and the inability to maintain control across large areas of territory. Enlisting the help of its regional neighbours, Tanzania and Zimbabwe, the government attempted to flush out Renamo bases in neighbouring countries in order to stop the attacks. Though this initiative had some success, Renamo continued to receive support from the South African government, Portuguese business interests, and evangelical Protestant groups channelling their aid through Malawi and Kenya.

The turning point came in the late 1980s as a result of significant shifts in the national, regional and international political scene.<sup>8</sup> The death of President Machel under mysterious circumstances, the fragmentation of the apartheid regime, and the dismantling of the Soviet Union forced both sides to realise that a military victory was unattainable and that the war was entering a stalemate. It was within this context that the first round of peace talks started in Nairobi in August 1989.

## **A brave new dawn: The peace agreement**

In 1986, following the death of Samora Machel, Joaquim Chissano became president. Considered to be more moderate than his predecessor, Chissano brought two things into focus. One, he gave serious attention to ending the conflict through a negotiated settlement, and two, he set in motion a major review of Frelimo's economic, foreign and civil rights policies. Part of this pragmatic view was influenced by changes in the power structures within the region and in global terms. At a political level, waning support from the Soviet Union compelled Frelimo to make diplomatic overtures to the UK and the US. This secured Western aid and prevented support for Renamo from materialising. In the economic sphere the regime initiated relations with the IMF and the World Bank which forced the Frelimo government to abandon

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<sup>8</sup> Ostheimer, *op. cit.*, p.17.

a centrally planned economy and move towards a market economy. This led to the adoption of the first Structural Adjustment Programme (SAP) in 1987. These developments opened the way for a number of reforms, including reconciliation with the Catholic Church and a formal retreat from Marxism. This moved the country closer towards a peace process.

Renamo, on the other hand, had more to lose from a peace agreement, given the nature of its operations. After years of guerrilla warfare, Renamo was poorly prepared for civilian life and for the transition to parliamentary politics. Its major challenge was to transform itself from a purely militaristic organisation into a viable political party. To achieve this, Renamo needed to develop a coherent ideology, as well as an organisational structure that would communicate its views. Up until this point, Renamo's political pronouncements had been couched in blunt anti-Marxist rhetoric. Its capacity to debate issues around democracy and develop policy focus was limited. Therefore, in exchange for offering Frelimo the benefits of peace, Renamo needed guarantees of security and financial assistance before agreeing to give up fighting. As it turned out, Renamo was awarded these guarantees, firstly through financial aid which came from the international community, and secondly via the terms of the peace agreement.

Direct talks began in Rome in July 1990, hosted by the Saint' Egidio Catholic community, which enjoyed the confidence of both parties. For the most part, the peace talks were tense and often stalled because of distrust, accusations of unfair bias and rivalry between Frelimo and Renamo.

Chissano and the Renamo leader, Afonso Dhlakama, finally signed a General Peace Accord in Rome on 4 October 1992. The GPA entrenched the key principles for co-operation between Frelimo and Renamo and the institutionalisation of multiparty democracy in Mozambique. In broad terms, the agreement set out the following conditions:

- A ceasefire between Frelimo and Renamo.
- The forming of political parties and the conduct of elections.
- The guarantee of basic human rights, including freedom of the press.
- A concentration of Renamo and government forces in assembly areas.
- The formation of the Mozambican armed forces and the demobilisation of government and Renamo soldiers who could not be accommodated in a

unified national defence force.

- The independence of the judiciary.
- The repatriation and integration of refugees and displaced people.

The GPA was seen by analysts as a durable settlement that would bring long-lasting peace to Mozambique. It was interpreted as a ground-breaking agreement that fostered peaceful relations between two rivals. However, the GPA did not address the real issues surrounding peace and stability in Mozambique. Instead, it papered over three critical issues of importance to the future of the country:

First, the peace brokers did not build into the GPA any mechanism that would lead to a commission for truth and reconciliation, which could be used as a process for rehabilitation and, to a lesser extent, justice. Instead, it was left to the main political parties to institute their own systems of accountability. Nevertheless, mutual suspicion and distrust continue to dominate the political landscape, sometimes sliding into intense confrontation between Frelimo and Renamo. In fact, old wounds still hamper the political health of Mozambique.

Second, in a society where deep cleavages between the ruling party and the opposition still exist, it would have been appropriate for the GPA to make provision for a government of national unity, but the peace brokers did not insist on this and left it up to main political parties to discuss among themselves.

Finally, the peace brokers allowed for the continuation of the 1990 constitution under the new democratic dispensation. The constitution, which was largely determined by Frelimo and which endorsed a winner-take-all system, has impacted negatively on the prospects for power-sharing and a government of national unity.

All in all, these anomalies within the GPA have had dire implications for Mozambique, especially in the current climate of political uncertainty and waning trust between Frelimo and Renamo. This was visible in the run-up to, and outcome of, both the general and the local elections.

## General and local elections since 1994

In the run-up to the 1994 general elections, Dhlakama was confronted by the realisation that Renamo's only hope of victory would be through a bipartisan 'government of national unity'. The latter would also ensure Renamo's survival in a multiparty system. Chissano rejected the proposal, and instead offered Dhlakama a ceremonial package which affirmed his status as the 'Leader of the Opposition', complete with salary, benefits, and a diplomatic passport. This did not appease Dhlakama's misgivings about the position of Renamo in the context of Frelimo's increasing dominance of the multiparty system. Moreover, the package was seen as an insult to a leader who was trying to extract some real concessions from Chissano for the survival of Renamo. Even though on the surface Chissano seemed confident that Frelimo would win the elections, privately the leader conceded that if the results were unfavourable he would reserve the right to negotiate a deal. If anything, the latter was a clear indication that Frelimo was not interested in power-sharing, and therefore considered the winner-take-all system more viable.

The first election, conducted between 27–29 October 1994, saw Frelimo winning the election by 44.3% compared to Renamo's 37.8%. Chissano was elected president by 52.3%, while Dhlakama received 47.7% of the votes. Even though Renamo waged a low-key election campaign, it managed to win 112 seats out of 250 seats in Parliament, and became the official opposition. The 1994 election was declared 'free and fair'. This authentication of the results and the elections was accepted by all participants, and signified a decisive step towards the consolidation of peace and commitment to democracy in Mozambique.

An interesting feature of the 1994 elections was the support that Renamo received. Renamo's showing at the polls indicated that there was a sizeable proportion of the electorate who identified with the party, and believed that it represented their interests, despite the party's political and organisational weaknesses. This was contrary to the belief of the international community and of Frelimo that Renamo's history and tactics during the civil war would be enough to steer the electorate away from supporting it. The election results provided a clear indication that Frelimo could not dismiss Renamo so easily.



Mozambique's transition to democracy was marred by the local government elections in 1998.<sup>9</sup> Even though the problems which came to light in the elections could be construed as part of the structural weaknesses that accompany societies in transition, in the Mozambique case they represented something more substantial than just the teething problems of democracy. Renamo and nine other parties boycotted the local elections, and accused Frelimo of irregularities during the voter registration process, not least the loss of 60% of the 1994 voters' roll. But Renamo was unable to prove these allegations, and speculation grew that this was a tactical move to disrupt the local government elections and improve Renamo's chances in the 1999 national elections, on the assumption that if it withdrew from any political responsibility in 1998, it might be perceived as a viable alternative in the national election in 1999.

Voter turnout for the local elections was poor. With a little less than 15% of the electorate voting, the elections sent a clear message to all political actors, especially Frelimo, that a legal framework based on a broad consensus between the two main protagonists had to be devised, while the electoral process itself must be transparent.

In any event the 1998 local elections demonstrated alarming weaknesses in Mozambique's democratisation process. For one thing, the devolution of power to local governments, which was intended to accompany the local government elections, did not take place. Instead control over the local areas, including the appointment of municipal presidents, disbursement of money and the pace of change and development, was still directed by the central government. This led to tensions in local areas, where the electorate raised questions over the value of their votes, leading to high rates of voter apathy.<sup>10</sup> This was cause for concern, especially for the 1999 national elections, but also because it called into question the multiparty democratic framework envisaged for the country in the GPA.

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<sup>9</sup> See *Mozambique Peace Process Bulletin*, Issue 16, December 1995, published by AWEPA, for a comprehensive discussion regarding the local government structures and the provocations that seem to exist between the two parties in terms of representation.

<sup>10</sup> Lundin IB, 'Reviewing Mozambique's first municipal elections: A brief qualitative study', *African Security Review*, 7, 6, 1999.

The outcome of the 1999 elections was also dogged by controversy. This time around Renamo contested the elections through a coalition, which it entered into with several other opposition parties that had supported its boycott of the local government elections. Together they formed the electoral alliance *Renamo-União Eleitoral* in June 1999. As usual Dhlakama felt that the electoral process was adversely biased toward the coalition in general and Renamo in particular, especially with regard to voter registration. The Renamo leader saw the two months which were set aside for electoral registration as not enough time for the majority of the electorate (especially those living in villages deep in the rural areas) to register. Most of these villages were strongholds of Renamo sympathisers, and difficulties of access for their inhabitants would prejudice Renamo's chances of gaining a substantial proportion of the votes. However, despite the technical shortcomings of the voter registration process, the Renamo coalition contested the elections. This time around, Renamo was confident that it would win and become the ruling party. However, this was not to be. The table below indicates that even though popularity for Dhlakama as a presidential candidate had increased dramatically from 1994, support for Renamo remained more or less the same.

The 1999 election results brought the relative support of the parties into focus. On the one hand Frelimo was able to retain its position as the ruling party, but was unable to win a clear majority. On the other hand, Renamo's support in the provinces was growing. In 1999 it won six out of the ten provinces, compared with five in 1994.

Even though the 1999 elections were declared free and fair, Renamo contested the results on the grounds that there had been irregularities which favoured Frelimo, and took its case to the Supreme Court, which upheld the results. The outcome of the election remained a bone of contention for Renamo. Together with its coalition partners, Renamo boycotted Parliament for most of 2000.<sup>11</sup> Renamo's decision to do so was based on Dhlakama's conviction that, without interference, the party would have won the election with a clear majority. Either way, the outcome of the election again shows that Renamo has a significant support base which Frelimo has not been able to penetrate. Therefore, the political balance in Mozambique is still evenly poised.

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<sup>11</sup> For overview of the 1999 election results and the challenge by Renamo regarding the results, see *Mozambique Election Update 1999*, 4, 1 March 2000, EISA.

Presidential elections		
	1999	1994
Chissano (Frelimo)	52.3%	53.3%
Dhlakama (Renamo)	47.7%	33.7%
Others	a	13.0%
Blank votes	6.5%	5.8%
Invalid votes	2.9%	2.8%
a No other candidates		

Parliamentary elections		
	1999	1994
Frelimo	48.5%	44.3%
Renamo	38.8%	37.8%
União Democrática (Democratic Union)	b	5.2%
Others	12.7%	12.7%
Blank votes	9.6%	8.4%
Invalid votes	4.9%	3.2%
Voter turnout	70.0%	88.0%
<p>b In the 1994 election the UD was able to get the 5% threshold to gain a seat in Parliament, but in the 1999 election it was unable to do so and consequently lost representation in Parliament.</p> <p>Source: <i>Mozambique Election Update 99</i>, 4, 1 March 2000. Electoral Institute of Southern Africa.</p>		

The second national election in Mozambique in 1999 was crucial to the democratic process in the country. It was mainly a Mozambican affair. As one interviewee put it, the first election had been about peace, while in the second election ordinary people had voted for democracy.<sup>12</sup> The 1999 elections were symbolic for two reasons. Firstly, they were a litmus test for whether the principles of democratic culture had been entrenched within the country.

<sup>12</sup> Interview, Maputo, 31 October 2000.

And, secondly, they demonstrated the degree of political maturity of the two political opponents. In both instances it would appear that Frelimo and Renamo have not succeeded. Instead they are moving toward a zero-sum game for control.

## Mozambique: The status quo

### *Social and economic realities*

Mozambique is the fourth most populous country in SADC and one of the least developed (see appendix). Overall the country has an agrarian economy which is largely based on subsistence agriculture. Agriculture accounts for about one-third of GDP, employs about four-fifths of the population and generates a large proportion of export earnings.

The fishing industry, which comprises primarily prawns and shellfish, accounted for 42% of merchandise exports in 1997. Prawns remain the principal product, accounting for 90% of the fishing industry's exports. Even though agriculture and fishing dominate Mozambique's economy, the economic structure is relatively diversified with strong contributions from non-primary sectors including transport, energy, industry and tourism, as well as foreign remittances.

Socially the country is still recovering from the debilitating effects of the war. Illiteracy stands at about 60.4% of the adult population; and there is a shortage of skilled labour and financial resources; and widespread endemic poverty. Poverty has spread to an alarming extent, and is currently one of government's most pressing challenges. According to the Ministry of Planning and Finance, 'the incidence of absolute poverty is 69.4%, indicating that more than two-thirds of the Mozambican population is living below the poverty line'.<sup>13</sup> In rural areas, it is estimated to be high as 71.2%. This is alarming, especially since 80% of the population is concentrated in these areas. The figure for urban areas stands at 62%.<sup>14</sup> Even in the capital, Maputo, which is

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<sup>13</sup> Ministry of Planning and Finance, *Absolute Poverty Reduction Action Plan (2000–2004)*. Maputo: Quarto Press, 2000, p.13.

<sup>14</sup> *Ibid.*, p.13.

considered to be the country's commercial and economic hub, poor living conditions are visible in the shanty towns on the outskirts of the city.<sup>15</sup>

According to the United Nations Developmental Programme (UNDP) report on Mozambique, there are vast disparities between conditions in Maputo city and the rest of the country.<sup>16</sup> Despite the dramatic economic progress of recent years, Mozambique remains an extremely poor country with low levels of human development, which are reflected in weak social indicators such as life expectancy, education, GDP per head and literacy. While none of this is new, for the first time in the report, the human development index (HDI) and other data have been broken down by province, allowing a comparison of the geographical distribution of wealth and human development in the country. Regional contribution to GDP indicates a clear, but unsurprising, concentration of economic activity (and wealth) in Maputo city, which accounts for 34% of GDP, followed by Nampula province with 13% and Zambezia and Sofala with 11% each. They also demonstrate an asymmetry in development between Maputo city and the rest of the country which could become a source of renewed political tension.

Underpinning the misfortunes of those living below subsistence level is the threat of HIV/Aids. According to the 1999 UNDP report, 14.5% of the adult population in Mozambique is HIV positive.<sup>17</sup> An estimated 700 Mozambicans are infected with HIV every day while approximately 2.3 million have Aids. Already a quarter of a million have died from the disease. As in other parts of sub-Saharan Africa, it is mainly the economically active population who are infected.<sup>18</sup> This paints a frightening picture for the future of the country's

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<sup>15</sup> It is estimated that 47.8% of people in Maputo live below the poverty datum line.

<sup>16</sup> UNDP Report, *Mozambique National Human Development Report, 1999*, p.23.

<sup>17</sup> *Ibid.*, p.69.

<sup>18</sup> The UNDP Report, *ibid.*, highlights that in the absence of an effective health policy to combat the disease, Mozambique could be faced with an increased mortality rate. It estimates that by 2010, life expectancy could be 14 years lower than anticipated while in some parts of the country this translates into a life expectancy of below 30 years. It goes further to illustrate that the economically active population could be reduced by 2 million in urban and rural areas, with approximately one million children becoming orphans by the end of the decade.

economic reconstruction programme.

Another burden on Mozambique's economy is the reintegration of about 4.5 million refugees and displaced people. Since the signing of the GPA there have been concerted efforts to reintegrate them. Yet the exercise has been delayed both by institutional weaknesses and, to some extent, reluctance on the part of some refugees to be repatriated, with unemployment estimated at an unofficial rate of 65% and compounded by the high incidence of poverty. Those that have returned are finding it difficult to be absorbed into the economic and social structures of the country. This has resulted in a rise in unemployment and criminality. Many former refugees choose to live outside the country because their social and economic prospects are better than they would be in Mozambique.

Mozambique's economic situation is complicated further by the burdens of debt repayment and service. Mozambique's debt crisis represents the failure of a centrally planned economy, a failure which threatens Mozambique's peace as social inequalities are exacerbated and basic needs go unmet. Debt remains one of the major obstacles to overcoming the economic and social devastation of Mozambique's war, since debt service accounts for approximately 17% of the government budget. This is almost double the share of the health sector.

In 1998 Mozambique's debt stood at \$6.4 billion, while average debt service paid between 1993–98 amounted to \$112 million a year. In June 1999, Mozambique qualified for debt relief of \$1.7 billion in net present value (NPV), or \$3.7 billion in nominal terms, under the World Bank and the IMF's *Highly Indebted Poor Countries (HIPC)* initiative. This resulted in a reduction of actual payments from an average of \$104 million in 1998 to approximately \$73 million in the period 1999–2005.<sup>19</sup>

However, organisations like Jubilee 2000 argue that the HIPC initiative does not really alleviate the burden that debt places on the economic resources of

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<sup>19</sup> The Highly Indebted Poor Countries (HIPC) initiative is designed to address the enormity of the debt burden faced by developing countries. To qualify for the initiative, countries have to design a poverty reduction plan indicating how the money from this initiative would be used to alleviate the plight of the poor.

the state. In Mozambique, Jubilee 2000 argues, under the HIPC initiative 20% of annual export earnings will go towards paying the remaining debt, including the principal and interest. Furthermore, in effect the HIPC deal cancels only debt which the country was not servicing.

Realising that Mozambique's economic reconstruction cannot be fully implemented with the continuing debt burden, both the World Bank and IMF have agreed that in 2001, under an enhanced HIPC programme, they will accelerate debt relief by forgiving 100% of debt service owed by Mozambique. Total relief from all Mozambique's creditors would amount to \$600 million, which is in addition to relief worth \$3.7 billion committed under the original initiative. However, while this can be hailed as a victory for Mozambique, the country still remains committed to the Enhanced Structural Adjustment Programme (ESAP) of the World Bank and IMF. ESAP was adopted under the poverty reduction plan in order for Mozambique to qualify for the HIPC initiative. This programme has so far not made any significant impact on the alleviation of poverty since it continues to direct funds away from social spending toward debt repayment and service.

International aid plays another pivotal role in Mozambique's economy. According to the OECD, net official development assistance was equivalent to 54% of GDP in 1996. During the period 1987-1997 donors collectively assisted Mozambique with more than \$10 billion-worth of grants, credits and debt relief. However, in recent years, it is estimated that the flow of international aid into Mozambique corresponds to approximately 75% of GDP and finances about 80% of Mozambique's imports. This situation is further aggravated by the government's appeal for financial assistance to help in the post-flood reconstruction of the country. All in all, these figures indicate that Mozambique is chronically dependent on foreign aid. Moreover, the large inflows of foreign aid, which are usually accompanied by expensive foreign personnel, in effect erode Mozambique's capacity to build an effective development policy and entrench a strong and efficient civil service.

Despite these grim realities, Mozambique can claim to have made some progress, due to the economic pragmatism of the Frelimo government. Economic growth rose from an average of 6.7% per annum during 1987-95 to 10% per annum during 1996-98. Moreover, inflation was reduced from 50% in 1995 to less than one percent in 1998 through the adoption of a prudent

fiscal and monetary policy. Since then the government has managed to maintain these levels and keep to its annual inflation target rate of less than 5.5%. Even now, with the destruction of the current floods, it is argued that the significant economic gains made thus far will not be seriously rolled back. Mozambique has therefore become a favourable destination for foreign direct investment (FDI). Trade opportunities and investment in large projects like the Maputo Development Corridor, which is a Spatial Development Initiative programme, have become the mainstay of the Mozambican economy (see tables below).

<b>Mozambique's top 10 FDI deals (1995–2000)</b>				
<i>Target company</i>	<i>Source company</i>	<i>\$ million</i>	<i>Year</i>	<i>Kind of investment</i>
Mozal (Mozambique Aluminium Smelter)	Multistate	1,320.00	1997	New
Xinavane Sugar Mill	South Africa	70.00	1998	Expansion
Agritex	Hong Kong	55.12	1996	New
Maragra Sugar	South Africa	52.00	1997	Mergers & Acquisitions
MacMahon Brewery	South Africa	22.40	1995	Privatisation
People's Development Bank	Malaysia	21.00	1997	Privatisation
Minco (Mozambique Investment Company Ltd)	UK	19.00	1998	New
<i>Fabricas de Cervejas Reunidas de Mozambique</i>	UK and France	18.12	1998	Privatisation
Profurn Mozambique	South Africa	15.47	1997	New
<i>Mobeira-Moagens da Beira</i>	UK	14.56	1996	Privatisation
Source: Business Map's SADC FDI database.				

Mozambique has also embarked on a campaign of encouraging FDI by offering investors the following guarantees:



- security and legal protection of property;
- freedom to import equity capital or arrange loans to carry out investments; and
- repatriation of capital invested upon liquidation of sale, total or partial, of goods or rights of an investment undertaking.

In 1999, a number of trade and official missions visited the Investment Promotion Centre in Maputo. As a result of these visits, 234 new projects were approved. These projects had a value of US\$767.4 million and created 20,863 jobs. In the same year 13 new financial institutions were registered under Mozambique legislation, and the Mozambique Stock Exchange was opened in Maputo. The sector which received the most investment was manufacturing, followed by agriculture and agri-business. Since 1996 the government has pursued the privatisation and structural reform of major state enterprises and assets. To date the country has finalised the privatisation of state companies, and is currently preparing a strategy to deal with its remaining assets in the productive sector.

Although there were hopes that the economy would recover speedily from the flooding in 2000, the impact of the 2001 floods is vast. At one level the floods cut across all the sectors that contribute to the GDP, while bringing more disease and malnutrition to the country. The Ministry of Agriculture has already declared a 13% drop in agricultural production as a result of the flooding in 2000. And this year's devastation has yet to be assessed. Moreover, the country has become dependent on food aid. Though the October 2000 *Economist Intelligence Country Report* on Mozambique<sup>20</sup> asserts that the outlook for the country's commodity-based exports for 2001/02 will be positive, its growth forecast of seven percent for 2002 is conditional on the impact of the floods.

Therefore, even though the economic recovery is considered to be a good indication that the country is on track toward peace and stability, the remarkable growth figures belie the desperate social conditions under which many of the country's 19 million people live.

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<sup>20</sup> *Mozambique Country Report*, Economist Intelligence Unit, October 2000, p.11.

## *Political realities*

The democratic process in Mozambique remains fragile. Even though the international community is reasonably satisfied with Mozambique's transition to democracy, political diversity, which underpins the multiparty system, has not been realised in the country. The fact that the country has an elected government for the first time in its history and has conducted two general elections, should not obscure the threat posed by faultlines in the political structures.

The power struggle between Frelimo and Renamo has raised questions over whether there can be lasting peace and democracy in the country. Until October/November 2000, the country seemed to be enjoying relative political stability. But this neat picture does not tell the real story.

At the very outset, political power-sharing was not an option that either side wanted. Each believed that the route to a stable society in Mozambique could be achieved through majority rule and a winner-take-all system. This attitude was rooted in the belief that the state represented an instrument of capitalist accumulation, lacking an independent national bourgeois class.<sup>21</sup> In Mozambique the capitalist class is the politicians and ministers,<sup>22</sup> as there is no distinction made between the state and capital accumulation, and both are seen as complementary. This class enjoys access to government tenders and contracts, and has developed a network of business interests which takes precedence over the concerns of the state. The net effect is that many Mozambicans want to become state functionaries, while those within are not willing to give up their positions.<sup>23</sup> Another effect is that those in power are inefficient.

Furthermore, the close association of the state with capital has enabled the ruling party to find willing donors to finance the election campaigns. The latter has been a sore point for political parties outside of the government,

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<sup>21</sup> Interview, Maputo, 1 November 2000.

<sup>22</sup> Interview, Maputo, 2 November 2000.

<sup>23</sup> Naidu S, 'Mozambique: Can the success story continue?' in *Traders: Journal for the Southern African Region*, 5, January–April 2001, pp.6–8.

who find their election campaigns hampered by financial constraints. In addition, the ruling party has an unfair advantage over the rest of the political parties in that it is able to access state resources to fund its electoral campaigns.<sup>24</sup> This inequality of opportunity has placed severe limitations on smaller parties wishing to contest the elections.

Frelimo seems intent on achieving absolute victory at the polls (which means an increase in its power at the centre and within the provinces). Even though Renamo has won a majority in six provinces, it cannot appoint its own provincial governors. According to the constitution, only the president has the power to do so.<sup>25</sup> This allows Chissano to appoint governors even in provinces supportive of Renamo.

Following the results of the 1999 elections, Chissano's new cabinet was largely drawn from the Frelimo ranks. Even though Chissano reshuffled the cabinet with the aim of making it more competent and better balanced as regards gender and regional representation,<sup>26</sup> Frelimo does not want to entertain any notion of power-sharing between itself and the Renamo coalition or smaller parties. This edging out of Renamo and other smaller parties, both in the provinces and parliament, indicates that Frelimo is intent on absolute control. This interpretation is reinforced by the following centralising tendencies in Frelimo:

- With the entire administration in its hands, Frelimo controls access to state resources.
- The independence of the judiciary is compromised by the influence Frelimo exerts on all aspects of public life through the executive and through party organs. In addition, judicial officials are beholden to the government for their positions.

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<sup>24</sup> Ostheimer, *op. cit.*, p.19.

<sup>25</sup> Interview, Maputo, 31 October 2000. Renamo's gains indicate that support on the ground might be moving towards Renamo, which could make further inroads in 2004. But the political structures seem to deny them the possibility of translating these victories in the provinces into tangible expressions of their support.

<sup>26</sup> Gumende A, 'Major reshuffle in new Mozambique cabinet' in *Southern African News Feature*, 1, January 2000.

- Frelimo has not decentralised power to local government.
- Frelimo still controls part of the media through government ownership.

This centralising tendency has spurred Renamo and its coalition partners to warn the government that the spectre of an Angolan style war of attrition could once again arise in Mozambique. This warning came as Dhlakama cautioned the Frelimo government that, together with its coalition partners, Renamo 'would return to the bush and take up arms unless it was granted legal authority over the country's six central and northern provinces'.<sup>27</sup> However, Frelimo ignored this ultimatum.

The nonchalant reaction to Renamo's threats seems to indicate that Frelimo does not see Renamo as a serious rival.<sup>28</sup> This perception is reinforced by the view that Renamo's tactics are nothing more than a case of the 'Al Capone syndrome' ('politics by pressure, threats, attacks') in which it is trying to force the government into a power-sharing agreement after having realised that its court actions and boycott of parliament were not going to work.<sup>29</sup> Such a view of Renamo reinforces the government's belief that Renamo does not constitute a viable alternative since it has made little progress in establishing a sound basic organisation.<sup>30</sup> Renamo's structure remains chaotic, which is one reason why the party has proved ineffective in exploiting government weaknesses or projecting a coherent message. Renamo has served Frelimo's interest, by ensuring that the country has no viable government-in-waiting. Yet, in spite of these shortcomings and weaknesses, Renamo still enjoys comfortable electoral support, especially at provincial level. Therefore, Renamo's popularity cannot be shrugged off, because it could pose a serious threat to Frelimo electorally.

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<sup>27</sup> *Mail & Guardian*, 17–23 November 2000. This demand by the Renamo leader followed clashes and anti government demonstrations in the North.

<sup>28</sup> In all the interviews conducted, this appeared to be a common perception.

<sup>29</sup> *Mail & Guardian*, *op. cit.*, p.9.

<sup>30</sup> As one interviewee commented, Renamo did not capitalise on strikes called by the trade union movement to protest against macroeconomic policy. This lack of initiative poses serious doubts as to whether Renamo can be a viable alternative to Frelimo. Interview, Maputo, 31 October 2000.

Renamo's coalition with smaller parties may be short-lived, as the electoral alliance is dogged by internal problems. Dhlakama's proclamation in the media 'I am the one who commands within Renamo',<sup>31</sup> following the speculation that Raul Domingos<sup>32</sup> would be his successor, demonstrates his autocratic leadership style. But it also illustrates that the coalition partners should not expect to be rewarded for their alliance with Dhlakama if Renamo is victorious in the next election. Nevertheless, in spite of these handicaps, Renamo's remarkably resilient performance in the last election appears to have alarmed Frelimo, thereby strengthening its determination to marginalise the opposition.

Most ordinary citizens in Mozambique equated democracy with an improvement in material conditions. Instead the economic gains recorded thus far seem to benefit only a relatively small middle class concentrated in Maputo, while the rest of the population has had to adjust to increases in the cost of living and little change in the rudimentary public and social infrastructure. The widening gap between the rich and poor poses serious threats to the political stability of the country, and no doubt tests people's confidence in the democratic process. Even though some may argue that the economic success of the country reflects a certain degree of stability, this advance is far from producing any form of sustainable gain for the majority of the population.

The asymmetrical levels of development between the south and central and northern provinces, which also reflect the Renamo and Frelimo support bases, could become the catalyst for renewed tensions within the country. These could be used to nurture demagogues who are eager to mobilise support through ethnic and regional discourse. From this perspective, such leaders tap into the material concerns of the electorate to get themselves voted into office. Another danger for democracy in Mozambique is voter apathy and disillusionment with the government. This was clearly demonstrated in the

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<sup>31</sup> 'Raul Domingos, sucessor de Dhlakama?' in *Publico*, 12 August 1999.

<sup>32</sup> Raul Domingos was the key Renamo negotiator during the peace negotiations. He was instrumental in drawing up the document on reforming the political system from a presidential to parliamentary system. However, the process has been put on hold. Domingos was perceived as posing a political a threat to Dhlakama.

1998 local government elections, discussed in an earlier section. In a study conducted by Eduardo Mondlane University in Maputo in 1999, the results show that the local elections were a negative evaluation of government's poor performance in terms of redistribution of social wealth and the promise of a better future.<sup>33</sup>

Widespread corruption has also brought a major backlash against Frelimo. There are complaints about petty corruption within the civil and public service. Even though there has been a concerted public effort to crack down on this practice, little has been done to address the scale of grand corruption on the part of government functionaries, which continues to spread unabated. The court system is largely weak and corrupt, allowing such cases to go unprosecuted. Large-scale corruption has been particularly common in the privatisation process, especially of the banks, and in government contracts. Many government ministers, their families, and President Chissano's family, are involved in businesses which now dominate the local economic scene. Renamo figures such as Raul Domingos are being incorporated into this new politico-economic elite. Inasmuch as the Frelimo government has done nothing to tackle grand corruption or to develop strategies that will bring real gains to the areas outside Maputo, Renamo has also failed to seize the opportunity to develop appropriate policies to take political advantage of this issue. It seems more geared towards apportioning blame and trying to gain concessions for itself.

Dependence on foreign aid adds another twist to democracy in Mozambique. The injection of foreign capital into Mozambique's economy, whether through donor agencies or FDI, imposes severe limitations on the ruling party's ability to map out and consolidate the democratic process. At one level it means a gradual reduction in the country's sovereignty and ability to take independent political decisions. At another level it indicates that the ruling party might not have the power to direct the course of democratisation, which is the expression by the majority of the people of the wish for a better life, a redistribution of economic wealth, and social justice.

Chissano and his ministers must realise that to achieve a viable and working democracy in the country, they must address the economic aspirations of the

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<sup>33</sup> Ostheimer, *op. cit.*, p.22.

electorate. Moreover, Frelimo must also recognise that a democracy means government for a limited period of time, and that a change in government revitalises any democratic system. This raises a question crucial to Mozambique's political stability and success: is Frelimo prepared to accept defeat? The answer depends on the extent to which Frelimo is willing to display a sense of political maturity and observe the rules of the democratic system. However, this did not seem likely in the clashes between Renamo and Frelimo supporters in November 2000. Following Renamo's boycott of parliament last year, the party decided to stage demonstrations in the north of the country to protest against Chissano's appointment of Frelimo-affiliated governors to those provinces where Renamo had won. What began as peaceful demonstrations soon turned violent in certain areas where police used force to disperse the demonstrators. While this raised questions over human rights abuses, it also touches on two fundamental issues.

First, if Frelimo did not perceive Renamo as a serious rival, then why did they respond in the way that they did to Renamo's protest action? It would have been more useful for Frelimo to have endorsed Renamo's right to hold demonstrations by arguing that they are entitled to do so in a democratic state. By clamping down on protesters in some provinces, Frelimo played into the hands of a bellicose faction within Renamo who want to portray the ruling party as belligerent and intolerant, and thereby illustrate that there is no point in working with such a government. Furthermore, the clashes have also brought to light the gangster element in both parties 'who want to divert attention away from their own greed and their own lack of policies and actions to help the poor'.<sup>34</sup>

Second, Frelimo's reaction to the demonstrations was curious. Is it possible that Frelimo realises that it needs Renamo, but at the same time needs to keep the party weak? If this is true, what possible reason is there for this behaviour? To this end it seems quite clear that the internal fractures within both parties could give rise to an independent group that could challenge the status quo. Even though Renamo is the official opposition, an independent third force does exist in the Maputo city assembly. This opposition is mainly made up of the Frelimo old guard which did not want to settle the war in 1992 and may

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<sup>34</sup> Hanlon J, 'Violence in Mozambique: In whose interests?' in *Review of African Political Economy*, 27, 86, December 2000, p.596.

split from Frelimo to form a separate party. Their main challenge against Frelimo would be on economic, development and corruption issues. By 'encouraging' Renamo to boycott the next local and general elections the Frelimo old guard might feel that it has a better chance of becoming an alternative opposition to Frelimo and Renamo. The 'old guard' may also be the platform for the emergence of a real opposition. In this case the only choice facing Frelimo leadership is to prop up Renamo and keep it from collapsing. To this end Dhlakama needs to motivate his supporters into action, or else Frelimo will do it.

## South African links

South Africa and Mozambique share a strategic relationship, both on a bilateral and a regional basis. South Africa is currently Mozambique's largest trading partner and its biggest foreign direct investor (see table below).

<b>South African trade with Mozambique (R million)</b>			
	<i>1997</i>	<i>1998</i>	<i>1999</i>
South Africa imports	174.0	213.0	321.7
South Africa exports	2,766.0	2,656.2	4,073.6
Source: <i>South African Yearbook of International Affairs 2000/2001.</i>			

South Africa, followed by Portugal, is the main exporter to Mozambique. South African exports to Mozambique include: vegetable products, food beverages and tobacco, chemicals and by-products, electrical and transport equipment. This relationship is further strengthened by existing agreements such as the Bilateral Protection and Promotion of Investment Agreement and the Bilateral Trade Agreement. Major investments made between 1994 and 2000 by South African companies are:

- \$1 billion investment project by Murray & Roberts in the construction of the Mozal aluminium smelter
- \$1.3 billion investment by Sasol in a gas pipeline in Sofala province;
- \$50 million investment by South African Breweries in beer factories in Maputo and Beira;
- \$63 million investment by Illovo Sugar in Maragra sugar mill;



- \$130.5 million investment by Eskom towards integrating a power line from South Africa via Swaziland to Montraco;
- \$15.5 million investment by McComarck, a property developer, constructing one of the largest shopping malls outside Maputo, called Matola Plaza; and
- \$500 million investment by Southern Mining Corporation in the Corridor Sands project.

At present there are over 250 South African companies operating in Mozambique and representing a diverse spectrum of small, medium and large businesses. Many of these are located within the retail and manufacturing sector, and include Shoprite Holdings, Metro Cash & Carry, and Profurn Mozambique. This trend is set to continue with the recently proposed Sasol gas pipeline and petro-chemicals plant in Sofala province, as well as the Chibuto Titanium Mine (Corridor Sands) in Gaza province. These investment projects are expected to inject over \$3 billion into the Mozambican economy over the next few years. Other projects are taking place through regional Spatial Development Initiatives (SDIs). Examples are the Maputo Development Corridor and the Lubombo SDI as well as flagship projects like the Mozal Aluminium Smelter and the Beluluane Industrial Park. These are seen as important investments in terms of export, as they link the landlocked Southern African states to the ports and harbours in Maputo and Beira.

It is estimated that these initiatives will unleash a stream of real opportunities for future co-operation and partnership between Mozambican and South African businesses. The planned Sasol gas pipeline and petro-chemical plant in Sofala province will anchor and catalyse economic development along the Beira Development Corridor and in surrounding areas. Already South African investments can be seen in this area, especially in the retail sector; chain stores such as Shoprite and Pep have set up businesses. However, given the political turmoil in Zimbabwe and its close proximity to the Beira Development Corridor, this project has experienced some investment problems. On the other hand, the Mozal project has been a successful showcase for investment

possibilities in Mozambique. It is estimated that the smelter contributes about seven percent of Mozambique's GDP.<sup>35</sup>

Other areas for potential investment by South African companies include telecommunications, banking and finance, tourism, construction, infrastructure, and the development of natural gas fields.

Apart from the formal bilateral trade links with Mozambique, the two countries have also set up the Joint Permanent Commission, which is a framework for co-operation in all line function departments between the respective countries. In this regard, South Africa and Mozambique are jointly fighting cross-border crime, such as vehicle theft and drug and arms smuggling, through the Joint Policing Co-ordinating Committee (JPCC). This bilateral relationship has been further strengthened by South Africa's humanitarian assistance to Mozambique during the floods in 2000 and 2001. This year South Africa laid out R12 million in monetary assistance as well as providing relief aid and lending its helicopters to help in the evacuation of the many people who need to be rescued from floods.

The South African government is generally optimistic about the opportunities that exist in Mozambique. The country is well-endowed with natural advantages, especially agricultural, mineral, tourism and energy resources. The latter remain largely untapped, which could provide excellent investment opportunities.

The business community in South Africa frequently cites the following as the positive and negative sides of doing business in Mozambique:

*The upsides...*

- The existence of ecological relative advantages for the development of eco-tourism. Mozambique has several unspoilt islands off its coast, which could be ideal for sport fishing and scuba diving as well as other sea sports.
- Continued international multilateral and bilateral support for the Mozambican economy.

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<sup>35</sup> SADC Investor Survey: Complex Terrain. Johannesburg: Business Map, November 2000, p.37.

- An acceleration of structural reforms, especially the ending of the state's monopolies in the energy and telecommunications sectors. A fast track privatisation programme is envisaged for 2001.
- An improvement in budgetary transparency and efficiency.
- A particularly close relationship, underpinned by the growing nexus of ties in investment, trade, tourism, migration and security between South Africa and Mozambique.

... *and the downsides*

- The shortage of skilled personnel in the public service.
- The threat of endemic parasitic diseases such as malaria and cholera as a result of the floods.
- A shortage of financial resources.
- Extreme poverty, exacerbated by the costs of widespread illness, especially HIV/Aids.
- Grand-scale corruption.
- The underlying threat of political tension between Frelimo and Renamo.

Despite Mozambique's considerable growth record, the country's investment portfolio still represents a challenge for potential investors from South Africa and abroad. In order to optimise its ability to attract large projects, the government needs to encourage further reform of the main structures that underpin the investment environment.

Key areas for the development of the investment environment include:

- An economic strategy that ensures local market and social development, together with foreign investment-driven growth.
- The provision of an appropriate regulatory environment for further investment in infrastructure.
- The streamlining of bureaucratic procedures. As long as the investment environment remains undermined by red tape, government will offer significant investment incentives and tax breaks which will constrain its

ability to provide the foundation for integrated, well-balanced economic development.<sup>36</sup>

- The requirement for faster progress in privatisation, so that the infrastructure in the northern areas of the country can be improved sufficiently to encourage further FDI.

On a political level, the governments of Mozambique and South Africa share a similar vision of the efficacy of pursuing quiet diplomacy and constructive engagement in their respective foreign policies. Both countries are committed to a preference for negotiations as a solution to regional conflicts, particularly in the Democratic Republic of Congo and Zimbabwe. To this end South Africa sees Mozambique as a strategic partner in bringing about closer co-operation within the region. However, this relationship is strained to some extent by South Africa's xenophobic approach to illegal immigrants. This was highlighted when South African policemen set police dogs on two illegal Mozambican immigrants in a vicious attack which was filmed and widely publicised.

## Conclusion: The future

If democracy is understood in its formal meaning as comprising a set of institutional conditions such as the holding of free and fair multiparty elections, then Mozambique can claim to be a democratic country. However, if democracy is equated with a degree of popular participation in, and control over, power, its democratic status is less clear. One reason for this is the prevailing state of poverty and urban-rural inequalities. These call into question the effectiveness of the political system in delivering the fruits of democracy to the citizens.

Another, potentially more urgent threat to the political stability of the country is the issue of consensus. The 1998 local government elections demonstrated a lack of consensus over the issue of political decentralisation.

Some commentators argue that, owing to structural constraints, there is little risk of Mozambique becoming a *de facto* one-party state. Yet, Frelimo's

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<sup>36</sup> SADC Investor Survey: Complete Terrain. Johannesburg: Business Map, November 2000, p.38.

perception of entitlement as the liberator of the people may tempt it to do just that. It should also be noted, however, that Frelimo is often divided by internal differences and struggles. Perhaps, in the future, what is now a single political entity may fragment and give rise to different parties. Already a divide between the liberals and the hardline conservatives in the party is apparent. The liberals in cabinet are mostly younger members, whereas the conservatives are typically war veterans and former senior cabinet members. The 'Young Turks' appear to predominate with the help of Chissano, although the older guard may use the political vacuum created by Renamo's political vacillation to entrench itself.

What is yet to be seen is the extent to which the new Renamo-led alliance in the opposition can press for meaningful change in the future. So far most people do not see it as a viable alternative to Frelimo. However, such a reading of the situation can be misleading. Renamo could capitalise on the government's weaknesses, such as the high rate of illiteracy and an increasing feeling of marginalisation in the population, particularly in the areas outside Maputo city, and thereby consolidate its position. So far, however, it has not made any move in this direction. Instead, it continues to scramble for a *power-sharing mechanism in order to acquire economic power*. There is growing speculation that there are also tensions within Renamo, with former generals expressing frustration over Dhlakama's failure to deliver jobs in the government that he had promised them before the 1999 elections. With both Frelimo and Renamo experiencing internal problems, there exists the very real possibility that factions in both parties will feed off each other and form splinter groups to challenge both Frelimo and Renamo.<sup>37</sup>

All in all, Mozambique's road to democracy is not an easy one. The country is still confronted by the unfinished business of the civil war, and any move toward consolidating democracy remains a long, slow, and sometimes even stagnant process. Frelimo's economic pragmatism has not improved the lives of ordinary people, while the liberalisation of the economy has made the country vulnerable to contagion effects within the global economy. Moreover, drug trafficking and international crime syndicates, which seem to follow transitional societies, have also become part of the Mozambican landscape. If meaningful democratic consolidation is to take place in Mozambique, then it

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<sup>37</sup> *Mail & Guardian, op. cit.*, p.9.

is crucial that the prevailing inequalities are reduced, and that poverty is alleviated. One possible way to achieve this is for the government to focus more on the delivery of local infrastructure and skills development than on attracting investment. On the other hand, foreign investors can also contribute to the process by channelling more of their aid and investment towards non-governmental organisations working within communities outside Maputo.

One thing that is certain about Mozambique is that the state of affairs teeters on a knife-edge between slipping back into conflict and maintaining its current uneasy balance. A strong, independent civil society, together with a joint partnership between government, foreign businesses and NGOs, is needed to tackle the urgent concerns of high unemployment, shortage of skills, and massive income inequality. This should also be underpinned by a culture of accountability and transparency. At present, self-interest and inter-party conflict take precedence in the absence of political and development strategies, giving rise to the outbreaks of violence which continue to dominate the political landscape of Mozambique.

Returning to the question of whether the success story can continue, much depends on how one characterises Mozambique's democratic process. Is it a success story or simply progress from 16 years of civil war toward multiparty democracy? In comparison to other African democratic experiments, Mozambique is certainly a positive example. Yet, to be labelled a success story it should have demonstrated progress toward democratic maturity. This seems hardly the case in the light of continual political uncertainty and a lack of reform of the political system. In the final analysis, the maintenance of the status quo creates high levels of political instability that dims the prospects for a lasting peace in Mozambique.

## Appendix

<b>Mozambique: Socio-economic indicators</b>	
Area (sq. km.)	799,380
Population (million) (1999 est.)	16.8
Estimated adult HIV prevalence (1998 est.) (%)	14.5
UN Human Development Report 2000 (Index ranking of 174 states: 1 = most developed)	168
GDP: Purchasing power parity (1999 est.)	US\$18.7
GDP: Real growth rate (1999 est.)	10.0%
GDP: Per capita purchasing power parity (1999 est.) (US\$)	1,000
GDP: Composition by sector (1998 est.) (%)	
Agriculture	34.0
Industry and fishing	18.0
Services	48.0
Human poverty (1997 est.) (%)	56.8 <sup>a</sup>
Inflation rate (consumer prices) (1999 est.) (%)	4.0
Economically active population (1997 est.) (million)	7.4
Labour force by occupation (1997 est.)	
Agriculture	81.0%
Industry	6.0%
Services	13.0%
Budget (1999 est.) (US\$ million)	
Revenues	402.0
Expenditures (including capital expenditures of \$NA)	799.0
Industries: Food; beverages; chemicals (fertilizers, soap, paints); petroleum products; textiles; cement; glass; asbestos; tobacco	n/a
Electricity production (1998) (in billion kWh)	1.2

<b>Mozambique: Socio-economic indicators (continued)</b>	
Electricity production by source (1998)	
Fossil fuel	25.0%
Hydro	75.0%
Electricity consumption (in billion kWh)	1.018
Exports (fob, 1999 est.) (US\$ billion)	280
Imports (fob, 1999 est.) (US\$ million)	1550
Principal exports (1998 est.) (US\$ million)	
Prawns	72.6
Cashew nuts (raw and processed)	40.7
Cotton	22.3
Timber	11.0
Copra	5.0
Principal imports (1997 est.) (US\$ million)	
Machinery & equipment	139.0
Vehicles, transport equipment and spare parts	113.8
Fuel	92.3
Textiles	43.4
Metal products	38.9
Total external debt (1999 est.) (US\$ million)	809.0 <sup>b</sup>
External debt service ratio, paid (1999 est.)	17.0%
Social expenditure of GDP (2001 est.)	4.0%
Rate of adult literacy (1995 est.)	40.1%
Unemployment rate	n/a
Life expectancy at birth (2000 est.) (in years)	
Male	38.34
Female	36.68
Net official development assistance and official aid (1998 est.) (US\$ million)	1,039



<b>Mozambique: Socio-economic indicators (continued)</b>	
Aid per capita (1998 est.) (US\$)	61
Aid as % of GNP (1998 est.)	28.2
Aid as % of central government expenditure (1998 est.)	n/a
Mortality rates (2000 est.) (deaths/1,000 population)	23.29
a	This is calculated according to the HDI criteria of longevity, knowledge and standard of living
b	Net present value, after enhanced HIPC terms
Source: <i>CIA World Factbook, 2000</i>	
<i>The Africa Competitiveness Report 2000/2001</i>	
The Economist Intelligence Unit, <i>Country Profile—Mozambique</i> , October 2000.	
<i>The World Bank: World Development Indicators, 2000</i>	
<i>UNDP Mozambique National Development Report, 1999</i>	

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