

■ MOZAMBIQUE

An irresponsible administration



The Government has shown it is not only unable to combat poverty and social inequalities but also incapable of formulating a convincing plan to improve the population's quality of life. The benefits of economic growth have not reached the people who need them most and the poor are getting poorer. The current economic model is clearly unsustainable and the Government is failing to administer the country's natural resources or manage exploitation concessions so that these benefit the population as a whole. Some progress has been made in the fight against corruption but this is still one of the main obstacles to increasing people's well-being.

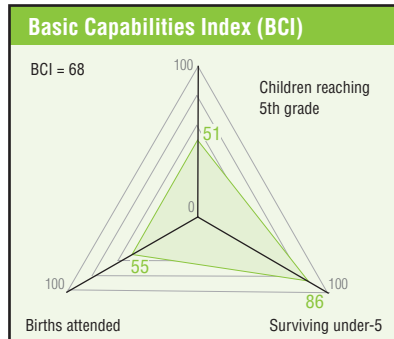
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Mozambique has considerable natural resources in the form of natural gas, vegetal coal, aluminium, silver, more than 2,500 kilometres of coastline, rivers, forests, wood and a great potential for tourism.¹ However there is little chance of this wealth being used to help reduce poverty, first and foremost because the country is pursuing an irresponsible and unsustainable policy of promoting mega-projects.

Some studies go so far as to suggest the Government is incapable of administering these natural resources or of managing exploitation concessions in a way that benefits the country's economy or the population at large, and this means it is missing opportunities to promote national development.² Since the end of last year economists, civil society organizations, and even the Commission of Catholic Bishops of Mozambique have been trying to persuade the Government to reverse its policy of granting tax exemptions to mega-projects while the tax pressure on the general public is increasing.

A November 2009 review by the African Peer Review Mechanism³ reported that Mozambique's public administration is very politicized and that it is difficult to distinguish between the State and Frelimo, the party in power since independence in 1975. Not only is this combination of party and State a discriminatory way to manage the public sector, but it also undermines public policy planning and means that all socio-economic development processes are tied to politics.

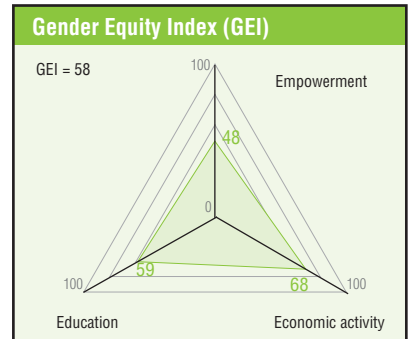
Moreover, with its vacuous pronouncements and failed measures, the Government has shown that it is incapable not only of combating poverty and social inequalities but also of formulating a convincing plan to improve people's lives.



False growth

The International Monetary Fund (IMF) reported in April that Mozambique's economic growth in 2010 was among the highest in the region⁴ and predicted a real GDP rise of 7.25% in 2011 and 8% in the medium term. The problem is that the economic benefits of this expansion do not help the poor, who continue to get poorer. The minimum monthly wage is MZN 2,700 (USD 90), which according to trade unions and workers' organizations is only enough to satisfy 35% of a family's basic needs.⁵ A study by PricewaterhouseCoopers showed that in 2011 pay increased by only 9.8% while inflation was 15%, so in fact wages have fallen by 5.2%.

When we consider that more than half of Mozambique's general budget is financed by donor countries and 80% of its investment is from foreign sources, it is no surprise that many economists believe the country's economic growth is false.⁶ None of the main factors in the economy – such as the balance of payments, the State budget, investments or control of inflation – are determined by the country's wealth or are functions of internal equilibrium, the domestic market or national production. They are all based on foreign resources.



The high inflation rate may be a direct consequence of the rise in international prices for food and crude oil, but it is clear that Mozambique is unable to exploit its potential and produce foodstuffs and other products that could be exported and help reduce dependence on foreign aid. The country's economic ills can be traced above all to its growth models, which are unsustainable or unrealistic.

The fight against corruption

Transparency International reports that Mozambique has made some progress against corruption, moving from 130th out of 178 countries in 2009 to 116th in 2010.⁷ Corruption is still one of the main obstacles to development however, compounded by a combination of other related factors including weaknesses in management procedures, lack of transparency in public administration, impunity for wrongdoers and obsolete legislation in this area.

Mozambique's ranking on the corruption scale has improved because two important cases involving the embezzlement of public funds have come before the courts. These involved two ex-ministers (one of the Interior and the other of Transport and Communications) and also a president of the Council for the Administration of Airports, with the total loss amounting to around USD 10 million. But even so, the final ruling in these cases⁸ demonstrated how much the judiciary is manipulated by the political arm of government.

1 Maps of the World, "Mozambique Natural Resources," <www.mapsofworld.com/mozambique/economy/natural-resources.html>.

2 C. N. Castel-Branco, "O que é que a ITIE faz bem e o que é que não faz? Uma proposta de agenda de trabalho sobre os recursos naturais em Moçambique," 25 February 2011, <www.iiese.ac.mz/lib/noticias/2011/CNCB_PGMM_Fev2011.pdf>.

3 African Peer Review Mechanism, *Country Review Report: Mozambique*, APRM Country Review Report No. 11, June 2009, <www.aprm-international.org/index.htm>.

4 MacauHub, "IMF says Mozambican economy post growth of 6.5 pct in 2010," 11 April 2011, <www.macauhub.com.mo/en/2011/04/11/imf-says-mozambican-economy-posts-growth-of-6-5-pct-in-2010/>.

5 Empresas e Negócios, "Salários mínimos são marca da pobreza em Moçambique," 26 March 2011, <empresasenegocios.org/2011/03/26/salarios-minimos-sao-marca-da-pobreza-em-mocambique>.

6 Canalmoz, "Estabilidade económica de Moçambique é falsa", interview with João Mosca, 12 April 2011, <www.canalmoz.co.mz/hoje/19205-estabilidade-economica-de-mocambique-e-falsa.html>.

7 Transparency International, "Corruption Perceptions Index 2010 Results," <www.transparency.org/policy_research/surveys_indices/cpi/2010/results>.

8 The Boston Globe, "Sentence Reduced in Mozambican Corruption Case," (24 May 2011), <www.boston.com/business/articles/2011/05/24/sentence_reduced_in_mozambican_corruption_case/>.

The question of transparency was high on the national agenda in 2010–11, especially as regards the extractive sector. In the first quarter of 2011 Mozambique took an initial step towards complying with the requirements of the Extractive Industries Transparency Initiative (EITI) when it published its first annual report with a declaration of the payments made by companies in the sector and the sums received by the State.⁹ The civil society organizations that took part in this process agreed unanimously that the contribution of the six firms selected for the report (FY 2008) came to less than 1% of the State budget.¹⁰

Specialists in the field say the report shows Mozambique is losing out in this process of awarding concessions in two ways: first because it grants the multinationals unnecessary tax incentives; and second because it is undervaluing the country's natural wealth.¹¹

Poverty and unrest

The official Government line is optimistic but recent studies show that the cost of living in the country is rising. As there are no mechanisms for ongoing constructive dialogue there may come a point where people express their discontent by taking to the streets with popular revolts as they did in 2008 and 2010.

The “disturbances” of 5 February 2008 and 1 and 2 September 2010 paralyzed the capital, Maputo, and the city of Matola 20 kilometres away, and violence also broke out in the provinces of Gaza, Manica and Nampula. The end result was around 20 people dead and more than 200 injured. The Government only managed to quell the unrest by promising on both occasions to subsidize fuel, semi-collective passenger transport – known as the “chapa 100” – and more recently some foodstuffs, with the promise of a guaranteed “basic basket.”

Since 2007 the President has repeatedly stated that the problem of poverty is basically psychological and that the people should be more optimistic and fight against “mental poverty.”¹² The previous poverty-reduction strategy, which was called the Action Plan to Reduce Absolute Poverty (PARPA), was

changed in May 2011 to the Action Plan to Reduce Poverty (PARP), the logic being that poverty among the people was no longer “absolute.”

However, the Third Evaluation of Poverty did not reflect this conclusion. It showed that some 52% of the population is living in absolute poverty,¹³ with the worst levels in the central part of the country. This means Mozambique will be unable to reach one of its Millennium Development Goals, which was to reduce poverty from 80% in 1990 to 40% by 2015. The unemployment rate is around 21% of the active population.¹⁴

Independent evaluations in 2009, after PARPA II had been in operation for five years, showed that less than 50% of the objectives had been reached. Delays in formulating the new plan, PARP, compromised the subsequent phase (also for five years) which should have started in 2010. The Government only finalized and passed the PARP in May 2011 and therefore the 2010–11 budget was based on generic plans and improvised measures.

The 2010 UNDP Human Development Index, which considers life expectancy at birth, mean years of schooling and per capita income, ranks Mozambique 165th out of 169 countries, and the 2010 Social Watch Basic Capabilities Index (based on infant mortality, percentage of births attended by skilled health personnel and percentage of children who reach fifth grade) gives it a value of 71, which places it in the low level development group.¹⁵

Poor health indicators

Infant mortality in Mozambique is 79 per 1,000 live births.¹⁶ Access to healthcare services is limited and an estimated 50% of the people live more than 20 kilometres from the nearest health centre, which in practice means they do not actually have access to the services. The country is negatively affected by a series of epidemics that up to now have not been adequately tackled:

- *HIV and AIDS.* Some 16% of the population is HIV-positive.

- *Malaria* is responsible for around 30% of all deaths in Mozambique. In different parts of the country from 40% to 80% of children aged two to nine have malaria, and in some areas up to 90% of children under five are infected. Malaria is also the most serious problem among pregnant women in rural areas. Some 20% of pregnant women suffer from it, with the incidence greatest (at 31%) during first pregnancies.¹⁷

- *Tuberculosis* is one of the main causes of sickness and mortality and affects the most vulnerable groups, in particular young adults, children and people living with HIV and AIDS. Mozambique, with its high morbidity indicators, has been since 1993 among the 22 countries in the world considered “very affected” and is currently in 18th position in the World Health Organization (WHO) classification.

- With a *leprosy* rate of 1.4 cases per 10,000 people, Mozambique has the highest incidence of this disease in Africa and is one of the six worst affected in the world.¹⁸

- Another problem is *cholera*. According to the Ministry of Health, last year alone there were 36 deaths from this disease out of a total of 1,968 registered cases.¹⁹

Conclusion

It will not be possible to tackle poverty effectively unless the Government changes its attitude to the problem. As long as indicators such as GDP growth are seen as the only valid way to measure the country's development, the Government will be unable to respond adequately to the population's pressing problems and the national development model will not be sustainable. Economic growth alone is not enough; this is why projects like PARPA and its offspring PARP have not brought about an improvement in people's well-being and discontent is on the increase. ■

9 Iniciative de Transparência na Indústria Extractiva, “Primeiro Relatório da Iniciativa de Transparência na Indústria Extractiva em Moçambique sobre a Reconciliação de Pagamentos e Recebimentos na Indústria Extractiva,” <www.itie-mozambique.org/relatorio.pdf>.

10 T. Selemane and D. Nombora, “Implementação da ITIE, gestão de recursos naturais e urgência da renegociação e publicação dos contratos com mega projectos: O caso de Moçambique,” (Maputo: Centro de Integridade Pública, May 2011, <www.cip.org.mz/cipdoc/84_ANALISE%20ITIE%20MOÇAMBIQUE%202011.pdf>.

11 Castel-Branco, op. cit.

12 Government of Mozambique, “A luta continua pela independência completa,” (25 June 2010), <www.portaldogoverno.gov.mz/noticias/news_folder_politica/junho-2010/a-luta-continua-pela-independencia-completa>.

13 Ministério da Planificação e Desenvolvimento, “Pobreza e Bem-Estar em Moçambique: Terceira Avaliação Nacional,” (October 2010), <www.ine.gov.mz/publicacoes/TERCEIRA_AVALIACAO_NACIONAL_DA_POBREZA1.pdf>.

14 Index Mundi, “Economia: Taxa de desemprego,” <www.indexmundi.com/map/?v=74&l=pt>.

15 UNDP, Human Development Report 2010; Social Watch, *The 2010 Basic Capabilities Index: Slowing Down*, (Montevideo: 2010).

16 Index Mundi, “População: Taxa de mortalidade infantil,” <www.indexmundi.com/map/?t=0&v=29&r=xx&l=pt>.

17 Ministério da Saúde, “Programa Nacional de Controlo de Malária,” <www.misau.gov.mz/pt/programas/malaria/programa_nacional_de_controlo_da_malaria>.

18 Ministério da Saúde, “Lepra,” <www.misau.gov.mz/pt/epidemias_endemias/lepra>.

19 Ministério da Saúde, “Cólera,” <www.misau.gov.mz/pt/epidemias_endemias/colera>.