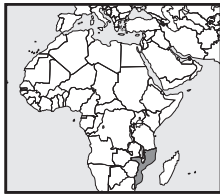


■ MOZAMBIQUE

Economic growth versus human development



Despite high rates of economic growth in recent years, human development in Mozambique will not be achieved without significant improvements in governance, reducing corruption in the financial, judicial and public administration systems. Rather than focus exclusively on economic growth, the Government should focus on increasing access to quality education, efficient health services and social security and delivering basic public services.

Social Watch Moçambique
Liga Moçambicana dos Direitos Humanos

World Bank and International Monetary Fund (IMF) reports rank Mozambique a country that has attained one of the highest levels of economic growth since the 1990s. According to the Government economic performance report in January 2008, its annual growth rate should average 7%, and annual inflation rate 6.4%, together with international reserves that can uphold nearly five months of exports of non-factorial goods and services. In order to reach these goals, the money supply should grow to 17.5% and the monetary basis should be in the region of 15%.

Mozambique faces considerable challenges in implementing its second poverty reduction strategy, PARPA II (Plan to Reduce Absolute Poverty, 2006-2009), as well as promoting the empowerment of citizens and institutions. In order to help the country reach these objectives, the World Bank's International Development Association has committed to annual support of USD 155 million in the framework of the Country Partnership Strategy for the period 2008-2011.

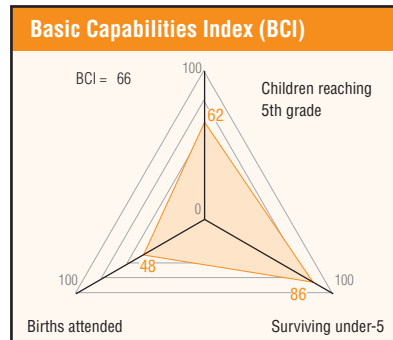
The State's global investment, according to the 2007 State budget report, was USD 978 million, a growth of 19.5% in relation to the previous year. Some 77% went to strengthening institutions at the national level, with 9.6% to provincial level and 11% to district level administrations, the main target for socio-economic development.

The State's overall expenses for 2007 were USD 3.06 billion, while its income was USD 1.4 billion. During that year, USD 676.09 million were for personnel expenses (salaries and other expenses). In 2007 the country had 182,952 public employees, compared to 170,934 in 2006. The main employer was the education sector (61%), followed by the health sector (15%).

The main foreign investors were the United States (nearly USD 5 billion); Switzerland (USD 170 million); Mauritius (USD 151 million); the United Kingdom (USD 91 million) and South Africa (USD 79 million).

Contradictions

Given the country's widely praised economic growth of recent years (between 7% and 8%, almost double South Africa's 4%), the social, economic and cultural

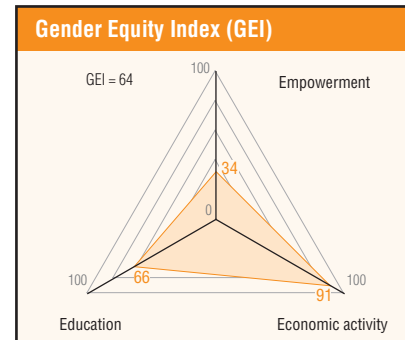


impact on the lives of its citizens should be queried. Mozambique ranks 172 out of 177 countries on the UNDP Human Development Report 2007/2008 and a 2004 World Bank study on industrial-agricultural growth indicators, led by renowned Mozambican economists Apolinário Panguene and Cardoso Muendane, concluded that the economy was in recession rather than growing, as the authorities claimed. The study indicated that industry was stagnant and beginning to decline, aggravated by the fact that the tertiary and services sector were the main contributors to GDP.

Engineering, raw material, agricultural input and spare part industries contributed less than 7% to industrial production, while agricultural industries and fisheries are insignificant. Agriculture, defined in the Constitution as the basis of national development (article 103), receives only 4% of the General State Budget. Seventy percent of the population live in rural zones and are totally excluded from hunger and poverty reduction policies.

To make matters worse, the country has endorsed the green revolution and the cultivation of the jatropha plant for the production of biofuels, which has led on many occasions to substitute fertile land suitable for growing cereals and other food products consumed by the population with plantations to cultivate biofuels. According to government communiqués, in 2008 it will invest almost USD 160 million for the production of jatropha in the provinces of Nampula and Sofala. Similarly, ten oil companies involved in doing research in the country will invest more than USD 233.3 million in 2008 in prospecting activities.

The study demonstrates that the growth of private investment and GDP as well as monetary stability are insufficient indicators by which to evaluate the performance of the Mozambican economy.



The minimum salary is around USD 60, but studies done by the unions for social consensus showed that the basic worker's basket can only be met if the minimum salary were at least USD 140.

In an effort to stimulate the economy, the country joined the Southern African Development Community (SADC) free trade zone in January 2008, permitting the entry of many products from SADC countries without an 85% export tariff. SADC includes South Africa, Angola, Botswana, Democratic Republic of the Congo, Lesotho, Mauritius, Malawi, Madagascar, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe as well as Mozambique. As part of the regional economic integration process, these countries will enter into a Monetary Union in 2018.

Social development

The two main threats to Mozambican development continue to be HIV/AIDS and the government administration, as both the incidence of HIV/AIDS and the rate of corruption grew exponentially from 2006 to the end of 2007. Both the Strategy against HIV/AIDS and the Anticorruption Strategy failed a long time before they were implemented.

An Anticorruption Forum, created in 2007 and presided over by the Prime Minister, was charged with drawing up the Anticorruption Strategy, but was abolished after being declared unconstitutional.

As a result, the likelihood of achieving the Millennium Development Goals (MDGs), although the Government continues to show itself optimistic, is slight, given disastrous rainfall, rising fuel prices as well as international commodity prices, along with three upcoming elections between 2008 and 2010 – provincial, local and presidential and legislative, expected to show that Government corruption continues unchecked.

Social injustice is compounded by the widening of the gap between the citizens who have minimum survival conditions and those who are absolutely indigent. The cost of living, already extremely high, is inaccessible to more than 60% of the rural population (who rely on subsistence agriculture and lack any kind of modern technology). In January 2008, a 19% increase in the price of liquid fuels resulted in soaring prices for wheat, rice and other basic food products as well as public transport. Between 5 and 8 February 2008 there were large demonstrations in the capital city of Maputo, replicated in other parts of the country, in protest against the high cost of living and the low purchasing power of Mozambicans.

In response to the wheat crisis, the Government launched a USD 20.12 million project, which anticipates production of more than 225,000 tons of wheat per year until 2014, in an area of more than 108,000 hectares.

At the same time, massive flooding displaced more than 100,000 people in the central region of the country, and the Government needed USD 31.73 million to fund its contingency relief plan. At the end of 2007 the Inhambane province was devastated by tropical cyclone Favio, leaving more than 120,000 homeless. A similar disaster occurred in early 2008 in the northern region of the country, where cyclone Jokwe devastated towns like Ilha de Mozambique, which are World Heritage sites.

Women and children

UNICEF reported in 2005 that one-fifth of Mozambican children suffers total deprivation in terms of health, education, clothing and food. More than 58% of children live under the poverty line and more than 380,000 children are orphans whose parents died of AIDS. In addition, more than 100 children per month are trafficked to South Africa, either as a final destination or in transit for sexual exploitation, slave work or even organ-trafficking. It was only in April 2008 that the national parliament passed a law on traffic of persons, women and children in particular.

The Government has not yet presented a clear proposal to address child poverty, despite being aware of the urgent need to improve the health and wellbeing of children, hundreds of whom die each day of AIDS, malaria, hunger, natural disasters or lack of maternal care at childbirth.

Mozambique reports high levels of reported violence against women, although many women are intimidated and will not report violent incidents. The country has no legal framework for protecting women victims of violence, a fact that lends impunity to its perpetrators.

Only a third of women know how to read and write, and among rural women 81% are illiterate. The Government has committed itself to lowering the general level of illiteracy by 10% in the next two years. The National Education System receives 20%

of the General State Budget and in order to reach the MDGs, the education programme has been expanded throughout the national territory. However, the indicators used for evaluating the system are strictly quantitative, so there is no data on the quality of the education provided.¹ ■

References

- Government of Mozambique 2007. *State Budget Report 2007*. Maputo.
- Government of Mozambique. Ministry for Planning and Development. 2007. *Rural Development Strategy*. Maputo.
- UNDP 2008. *Human Development Report 2007/2008*. New York: 2008.
- UNICEF. <www.unicef.org/infobycountry/index.html>.
- World Bank. 2004. *Indicators for Industrial and Agricultural Growth in Mozambique*.

¹ The district director of Cuamba, in the Niassa province, informed the Social Watch Mozambique research team that some students in seventh grade still had difficulties reading and writing and that due to this they were unable to read information or their names, the reason why over 50% of them had not attended their year end exam 2007.