

# Mozambique: 'The war ended 15 years ago, but we are still poor'

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Mozambique poses some stark questions. Can peace be built on poverty and rising inequality? Are elections and expanded schooling enough when there are no jobs? What happens to a growing group of young people who leave school with a basic education but no economic prospects – do 'marginal' youth in towns and cities pose a threat of political and criminal violence?

Mozambique is a 'donor darling', with relatively high levels of aid. This year (2007) the World Bank talked of Mozambique's 'blistering pace of economic growth'<sup>2</sup> while the IMF said 'Mozambique is a success story in Sub-Saharan Africa, benefiting from sustained large foreign aid inflows, strong and broad-based growth and deep poverty reduction.'<sup>3</sup> Yet, despite this apparent success, the World Bank<sup>4</sup> and UNICEF<sup>5</sup> talk of what both call the 'paradox' of rising chronic child malnutrition in the face of GDP growth. And in a 2006 survey, three-quarters of Mozambicans said that in the past five years their economic position had remained the same or become worse.<sup>6</sup>

The capital Maputo shows the symbols of growth – major new construction and traffic jams of expensive cars. But visitors, the large aid industry contingent, and writers of IMF and World Bank reports rarely see the poor urban neighbourhoods, small towns and rural areas where most Mozambicans live. Interviews in rural areas frequently draw the response: 'The war ended 15 years ago, but we are still poor.' Various studies discussed in detail below show that the fruits of Mozambique's 'blistering pace of economic growth' have gone almost entirely to the better off, and in the past few years, the poor have become poorer. Inequalities are increasing between urban and rural and between north and south. But the biggest inequality increases are between better off and poor within individual provinces – not between regions or between language groups, but within them.

One million people died in Mozambique's 1981-92 war, and one-third of the population had to flee their homes. After that war, there was an intense feeling of 'never again' – everything must be done to avoid violence. But 15 years later, there has been a subtle mood change. Those who fought gained nothing, while their leaders have become comfortable and prosperous. And there is now a new generation of young people who do not remember the war – with a basic primary education they are moving into towns and cities to try to earn a living in the 'informal sector', on the margins of the law. Violent crime is increasingly an issue in the media and in public meetings with President Armando Guebuza; there has been a spate of lynchings in poor Maputo

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<sup>1</sup> Dr Hanlon's contribution to this paper draws extensively on two of his books, *Does more bicycles equal development in Mozambique?*, Oxford: James Currey, 2008 forthcoming, and *Peace Without Profit: How the IMF Blocks Rebuilding in Mozambique*, Oxford: James Currey, 1996.

<sup>2</sup> World Bank, *Beating the Odds: Sustaining Inclusion in a Growing Economy – A Mozambique Poverty, Gender and Social Assessment*, Washington: World bank, Report 40048-MZ, 29 June 2007. (Team led by Louise Fox.) ¶ iii.

<sup>3</sup> IMF, 'Republic of Mozambique: Fifth Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility ...', IMF, 2007 p 4.

<sup>4</sup> World Bank, *Beating the Odds*, Box 1.1

<sup>5</sup> UNICEF, *Childhood Poverty in Mozambique: A Situation and Trends Analysis*, Maputo: UNICEF, 2006, p 18. Chronic malnutrition, measured through 'stunting', a low height to age ratio, for children under 3 years of age, increased from 36% in 1997 to 37% in 2003; the increase in rural areas was from 39% to 41%. p 94.

<sup>6</sup> World Bank, *Beating the Odds*, tables 1.12 & 1.13

neighbourhoods. So far, political violence has been very limited, but where it has occurred, notably in Montepuez in 2000, it has been in areas of economic stress.<sup>7</sup>

Each war is different, and below we look in more detail at Mozambique's most recent war and how it was driven by global geo-politics but partly sustained by internal inequalities. The settlement, too, was unique, although there are lessons to be learned from a highly successful demobilisation. But the post-war period and role of the international community shows many commonalities with other post-war periods, such as in Sierra Leone. Economic growth that does not trickle down to the poorer half of the population is increasing tensions. There is no organised violence of the sort normally linked to war. But what are the implications of a bubbling discontent and of disrespect for a system that has not ended poverty or provided opportunities? And what is the responsibility of the international community?

In this paper, we look first at Mozambique's three decades of war, and then at what we see as the key – and often ignored – issue of the economy. We argue that Mozambique is not the success story that has been painted, and that the donors seem wilfully blind to growing problems of increasing poverty and jobless youth.

## 1. Three decades, three wars

Mozambique suffered three decades of almost continuous war. It was a colony of NATO-member Portugal, which refused to follow the decolonisation (and neo-colonialism) strategies of France or Britain. Liberation wars began in all its Africa colonies in 1964, eventually leading to the overthrow of the fascist government in Portugal in 1974. Unusually Mozambique had only one liberation movement, Frelimo (Frente de Libertação de Moçambique, Mozambique Liberation Front) which signed a peace agreement in 1974, leading to independence in 1975. Mozambique was bordered by two countries ruled by white minority governments, Rhodesia and South Africa.<sup>8</sup> Rhodesian independence fighters were allowed bases in Mozambique, and the Rhodesian government attacked Mozambique in 1976; soon after, Mozambique imposed sanctions on Rhodesia. The peace had lasted just two years.

Rhodesia responded by creating an anti-Frelimo guerrilla force, eventually named Renamo (*Resistência Nacional Moçambicana*, Mozambique National Resistance). Recruitment initially was from veterans of two particularly brutal fighting units of black Mozambicans set up by the Portuguese colonial authorities.<sup>9</sup> Independence in Zimbabwe in April 1980 brought peace, excitement, and a promise of development. But Renamo was quickly handed over to the South Africans – with the tacit approval of the British government<sup>10</sup> – so peace was not to last.

Ronald Reagan was elected US president in November 1980 on a vociferously anti-communist and US-focused policy. He intensified the Cold War through a series of proxy wars in Angola, Nicaragua and Mozambique where the US backed and helped to create, openly or covertly, armed opposition forces. In particular, he saw white South Africa as a bastion against communism in the neighbouring states. On 30 January 1981, just ten days after Reagan's

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<sup>7</sup> In the only incident of its kind since the end of the war, an armed group linked to Renamo attacked official buildings in Montepuez on 9 November 2000; seven police and three attackers were killed. There were a wave of arrests, and 100 arrested people suffocated to death in an overcrowded jail cell on 22 November. Montepuez is socially and politically divided, but the main problem was the closure of a cotton company which created substantial local unemployment. (*Mozambique Political Process Bulletin* 28, 1 Nov 2002)

<sup>8</sup> In 1965 the white prime minister of Rhodesia, Ian Smith, made his Unilateral Declaration of Independence (UDI). The United Nations imposed economic sanctions on Rhodesia in 1966, which also withdrew from the Commonwealth. South Africa withdrew from the Commonwealth in 1961. In 1962 the UN General Assembly condemned South African apartheid policies and in 1963 established a voluntary arms embargo against South Africa. In 1973 the General Assembly declared apartheid 'to be a crime against humanity'. Following the Soweto uprising in 1976 and its brutal suppression by the apartheid regime, the arms embargo was made mandatory by the UN Security Council in 1977. Thus, at the time of the Mozambican independence in 1975, there were mandatory UN sanctions against Rhodesia but not against South Africa. Neighbouring states were not required to impose economic sanctions.

<sup>9</sup> Ken Flowers, *Serving Secretly*, London: John Murray, 1987; Margaret Hall and Tom Young, *Confronting Leviathan: Mozambique since Independence*, London: Hurst, 1997; Phyllis Johnson and David Martin, *Destructive Engagement*, Harare: Zimbabwe Publishing House, 1986

<sup>10</sup> Johnson & Martin, 1986

inauguration, lorryloads of South African commandos came over the border and raided the Maputo suburb of Matola, killing 14 people. Peace had lasted just one year. Renamo was given training and shipped into Mozambique by South Africa, with extensive air and sea support.<sup>11</sup> With the end of the Cold War, proxy wars ended in Namibia, South Africa, and Mozambique, and ended temporarily in Angola, while a US backed dictator was overthrown in Malawi. US backed forces lost elections in all five southern African countries.

In Mozambique, a peace accord between Renamo and the government was signed in Rome on 4 October 1992. This was followed by UN monitored demobilisation and then elections on 27-29 October 1994, which were won convincingly by Frelimo.

Thus, over three decades, Mozambique suffered three wars:

- 1964-74 liberation/colonial war
- 1976-80 Rhodesia
- 1981-92 Cold War proxy war of destabilisation

If one accepts the definition that we use in the Open University book *Civil War, Civil Peace*<sup>12</sup>, that 'Civil War is collective killing with some collective purpose, mainly within one country, and where the fighting is primarily between people of that country', then the 1964-74 and 1981-92 wars are 'civil wars', and probably as 1976-80 war as well. But all three were largely driven by outside forces.

Portuguese colonialism had been poor and crude, and Frelimo in the late 1970s was widely popular both for bringing independence and free movement, and for its rapid expansion of health and education.

The apartheid white government in South Africa adopted a policy of economic and military destabilisation of the neighbouring countries, involving sanctions, direct attacks, and support for proxy forces such as Renamo<sup>13</sup>. In Mozambique, Renamo used terrorist tactics – in the literal sense of terrorising people and making them frightened. Schools, health posts, economic infrastructure and transport were targeted, to try to undermine Frelimo's basis of popularity. Passengers were burned alive in buses to make people afraid to travel; schools were attacked and teachers and pupils kidnapped and killed, to make people afraid to use the Frelimo education system.

The decade-long war was a heavy assault on Mozambique's social and economic infrastructure. From a mid-1980s population of 13-15 million, 1 million people died (7% of the population) and 5 million were displaced or made refugees in neighbouring countries (1/3 of the population). Damage was estimated at \$20 billion.<sup>14</sup> Unicef (1989) estimated that Mozambique's Gross Domestic Product was only half of what it would have been without the war. The number of first level health posts had been increased from 326 at independence to 1195 in 1985, but 500 of

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<sup>11</sup> The war has been detailed in other books, notably Joseph Hanlon, *Mozambique: Who Calls the Shots*, London: James Currey, 1991 and Joseph Hanlon, *Peace Without Profit: How the IMF Blocks Rebuilding in Mozambique*, Oxford: James Currey, 1996.

<sup>12</sup> Helen Yanacopulos and Joseph Hanlon (eds), *Civil War, Civil Peace*, Milton Keynes: OU Press, Oxford: James Currey, and Athens (Ohio, USA): Ohio University Press, 2006

<sup>13</sup> Joseph Hanlon, *Beggar Your Neighbours: Apartheid Power in Southern Africa*, London: James Currey, 1986. The word 'destabilisation' to describe these tactics was used inside South Africa, for example by Rand Afrikaans University professor Deon Geldenhuys in his paper 'Destabilisation Controversy in South Africa', Johannesburg: SA Forum, 1982. Destabilising the neighbouring states was intended to 'force profound political changes in the target state', including an end to calls for sanctions against South Africa and an end to support of the liberation movements. Destabilisation, he wrote, is necessarily 'covert' and should 'cause serious hardship to the population, who would in turn direct their frustration and fury at the target's regime'.

<sup>14</sup> Joseph Hanlon, *Peace Without Profit: How the IMF Blocks Rebuilding in Mozambique*, Oxford: James Currey, 1996, pp 15, 150, based in part on *Children on the Front Line*, New York: UNICEF, 3<sup>rd</sup> edition 1989 which estimated losses at more than \$15 bn and deaths at more than 500,000, at the end of 1988. The damage estimate is also based in part on calculations at the time by Joseph Hanlon for SADCC and Reginald Green for UNICEF. Deaths include not only those directly killed in the war, but also children who died from lack of medical care, people who died of hunger, etc. Data from the National Statistics Institute and censuses before and after the war found 2 million people 'missing' who could not be accounted for in neighbouring countries, suggesting that 1 million dead may be an underestimate. Appendix 1 of *Peace Without Profit* has a detailed calculation, including data on returned refugees, etc. We will never know for sure how many extra people died.

these were closed or destroyed by Renamo; 60% of all primary schools were destroyed or closed. More than 3000 rural shops were destroyed or closed, and most never reopened.<sup>15</sup>

The United Nations estimated that by the end of the war in 1992, Renamo controlled 23% of the land area but only 6% of the population;<sup>16</sup> the large number of refugees and displaced people was because so many fled to government controlled towns or to refugee camps in neighbouring states. The peace accord recognised the existing constitution and the (Frelimo) government as legitimate, but called for new elections and support to turn Renamo into a political party.

### *Demobilisation and reconciliation*

Mozambique's war never developed a momentum of its own like the similar proxy war in Angola. Fighters on both sides did not believe they were fighting for anything, and simply wanted to go home. During the peace talks there were local truces, and after the accord there were few cease fire violations. There were 105,000 soldiers and guerrillas and the peace accord called for a new army of 30,000 made up equally of the two sides. But it had to be voluntary, and only 12,000 people decided to join the new army – and most of those were officers.<sup>17</sup> Former fighters voted with their feet, and went home.<sup>18</sup>

Demobilisation of 93,000 fighters was smoothed by a particularly effective package. They were given their salary for two years, the first six months paid by the government and the next 18 months paid by donors through a \$35.5 million UN trust fund. Half the group were ordinary soldiers who received \$7 per month; 35% were lower level officers with salaries of \$10–24. Demobbed soldiers received transport to anywhere in the country and they were given a book of cheques or vouchers which could be cashed every two months at a branch of the People's Development Bank (BPD, Banco Popular de Desenvolvimento).<sup>19</sup> Cash payments gave 'a new impetus to social life, especially in rural areas', according to one study.<sup>20</sup> The key to the success seems to have been the two years – long enough to find a wife, have a child, and establish a farm. Despite the success of the Mozambican demobilisation, it has not been repeated elsewhere because it was considered too expensive; more commonly after other wars, soldiers have only received six months money or a single lump sum, which has proved ineffective.

There was no truth commission and few people talk about the atrocities of the war (largely, but not entirely, on the Renamo side – perhaps inevitably for guerrillas in an opposition explicitly trying to terrorise the population into abandoning support for the government). Yet the level of reconciliation and the lack of retribution and vengeance has been truly remarkable, and Mozambique has never suffered the level of violence that plagues South Africa. Most people accepted that this was an imposed proxy war. On both sides fighters were press-ganged into a war being fought by far-away leaders for their own reasons that had nothing to do with Mozambique. Starting again meant putting aside a horrible past. Better not to open Pandora's Box with a truth commission.

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<sup>15</sup> Joseph Hanlon, *Peace Without Profit*, 1996. Renamo is sometimes portrayed as a force for capitalism fighting against the 'Marxist' Frelimo, but in fact Renamo particularly targeted private business, destroying shops, tractors, lorries, etc. We argue below that Renamo in the 1980s can better be seen as a force for tradition against Frelimo modernisers, and in the late 1990s as the party of the rural poor against Frelimo representing the better off and urban.

<sup>16</sup> *Mozambique Political Process Bulletin (MPPB)*, 14, Feb 1995

<sup>17</sup> *Mozambique Political Process Bulletin*, 14, Feb 1995

<sup>18</sup> Since then, Mozambique has only maintained a small and largely ineffective army and tiny military budget. Senior military figures, especially now aging veterans of the liberation war, remain important within Frelimo, but the military, as such, is not a political force in Mozambique and probably does not have the capacity to stage an effective coup.

<sup>19</sup> Branches then existed in 68 of 128 district capitals. With privatisation, most rural bank branches were closed.

<sup>20</sup> Irae Lundin et al, 'Reducing Costs Through an Expensive Exercise: the Impact of Demobilisation in Mozambique', in Kingsma, K (ed) *Demobilization in Sub-Saharan Africa*, pp 173-212. Basingstoke and London: Macmillan Press; New York St. Martin's Press, 2000.

## Divisions and differences

In the post-Cold War period there has been a much broader discussion of the roots of civil war, looking at various ethnic and economic factors. Concern about the prevention of organised violent conflict also leads to a closer look at divisions, and especially at 'ethnic' and regional differences as a possible organising basis. In this paper, we make four assertions:

- That the 1981-92 war was externally driven and that divisions and conflicts within the country would not have become violent without that outside intervention. However, destabilisation builds on the target's weaknesses, and we will point below to two issues loosely linked to modernisation.
- That ethnic, language and religious differences have not been and are unlikely to be factors in violence.
- That the main differences are between rich and poor and between urban and rural, and that differences within groups and provinces are larger than differences between them.
- That there is an important economic division between the south and the rest of the country, which is becoming increasingly important.

### *Language and ethnicity*

Mozambique has between 12 and 24 mother tongues, only one of which is a European language (Portuguese), and most of which are also spoken in at least one neighbouring country.<sup>21</sup> As Table 1 shows, the most common language is spoken by only one-quarter of the population, and the others are spoken by 11% or fewer. Many people speak several languages and Portuguese is the language of government.

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Table 1:  
**Mother tongue**

Emakhuwa	26%
Xichangana	11%
Elomw	8%
Chisena	7%
Echuwabo	6%
Portuguese	6%
Other Mozambican	33%

Source: 1997 census

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<sup>21</sup> Provincial data from Tabela 11 of *Moçambique: Panorama Demográfico e Sócio-económico*, Direcção Nacional de Estatística, 1995 based on a 1991 survey. National data from Quadro 9.1 of the website [http://www.ine.gov.mz/censos\\_dir/recenseamento\\_geral/estudos\\_analise/lingua/view?searchterm=línguas](http://www.ine.gov.mz/censos_dir/recenseamento_geral/estudos_analise/lingua/view?searchterm=línguas) based on the 1997 census and downloaded 6 Sept 2007. The two disagree on the spelling of language names and percentage of national speakers. Note that there is a wide variation, even in official documents, in setting the boundaries between languages and in defining how many there are.

Table 2:  
Parliamentary seats, 1994 and 2004, and 'real' GDP'

	Frelimo		Renamo		'Real GDP per capita'
	1994	2004	1994	2004	
<b>North</b>					
Niassa	7	9	4	3	\$ 87
Cabo Delgado	15	18	6	4	\$ 82
Nampula	26	27	32	23	\$102
<b>Centre</b>					
Zambézia	18	19	29	29	\$ 92
Tete	5	14	9	4	\$ 86
Manica	4	7	9	7	\$ 98
Sofala	3	6	18	18	\$187
<b>South</b>					
Inhambane	13	15	3	1	\$134
Gaza	16	17	0	0	\$103
Maputo prov.	12	12	1	1	\$518
Maputo city	17	14	1	2	\$441

**Bold** = majority party. (Note Manica tied in 2004)

'Real GDP per capita' for 2004 is from UNDP *Mozambique Human Development Report 2005* (Maputo: UNDP 2006)

Table 2 sets out voting patterns in the 1994 and 2004 elections. The two most notable things from this table are that both parties have some voter support everywhere (except the Frelimo fiefdom of Gaza), and second that Renamo's voting base is concentrated in the centre of the country while Frelimo does best in south and north. There are elected municipal governments in the 33 largest cities and towns; Renamo has majorities in only four – three in Nampula province and Beira in Sofala province – but it has assembly seats in all but two municipalities.

Traditionally, the base of Frelimo support has been Shimakonde speakers in the far north and Xichangana speakers in the four southern provinces, which also provided the leaders of the liberation movement, while Renamo's base has been among Chishona and Chisena speakers in the centre of the country, which provided many of its guerrillas commanders. and voting patterns in the three national elections have largely followed those patterns. But language group identification with parties is neither total nor consistent. Emakhuwa is the mother tongue of 26% of the population and of most people in the largest province, Nampula. That province did not support Frelimo in the liberation war and was badly affected by the destabilisation war; it had important Renamo bases and many local chiefs identified with Renamo. But the vote in Nampula province and even within many districts in the province in all three elections has been divided between Frelimo and Renamo, and the trend has been for a shift in voters from Renamo to Frelimo. Similarly, Manica province, the heartland of Chishona and Chisena speakers, divided equally between the two parties in the 2004 election. Meanwhile, Zambézia, one of the most linguistically diverse provinces (and second largest), has consistently strongly backed Renamo. Inhambane is considered part of the Frelimo south, yet it has a particularly wide range of languages and is not majority Xichangana.<sup>22</sup> History also matters. Renamo is strongest in Sofala and Zambézia provinces, which have a tradition going back to the colonial era of being hostile to central government. Thus the view of the south and the far north being Frelimo's base, the centre being Renamo's base, and Emakhuwa speakers being divided can be used as a loose rule of thumb, so long as it is not pushed too hard.

<sup>22</sup> Called Xitsonga in *Panorama Demográfico*.

### *Modernisation and the destabilisation war*

From 1981, Renamo was tightly controlled by the South African military, which also sent supplies by plane and submarine. Fighters were largely kidnapped young men, usually initiated into the movement by being forced to commit a brutal act, such as killing a member of their own family or someone from their group who tried to escape. Senior officers were trained in South Africa. But as the 1980s progressed, Renamo gained first acquiescence and then some local support. We argue above that this was not significantly ethnic or linguistic, but Renamo and the destabilisers were successfully capitalising on local discontent. We argue that this support was mainly a reaction to Frelimo's modernisation policies, in two very different ways, and that Renamo increasingly presented itself to local people as the party of tradition.

Portuguese colonialism had been so retrograde that at independence Frelimo embarked on a programme of rapid modernisation and industrialisation. On a social level this meant ending the role of traditional chiefs, who were largely named by the colonial authorities and served as tax collectors. Traditional ceremonies were also ended. However, some local chiefs had local respect and played key roles in land distribution, inheritance and local conflict resolution; traditions and ceremonies remained important.

On an economic level, as part of its modernisation strategy Frelimo's emphasis was on industry and state and co-operative farming, which largely ignored the majority of peasants who were, incorrectly, assumed to be self-sufficient. As in neighbouring Tanzania, there was a programme of villagisation (initially voluntary but later forced), seen as essential to provide modern health and education services.

Inflation increased in the early 1980s and marketing collapsed, due both to the wars and to government economic strategies which ignored the peasants, creating substantial disaffection in some rural areas. Frelimo initially gained overwhelming support as the party which had brought independence, and that support was maintained by a rapid expansion of health and education. But the failure of economic policies took their toll, and when Renamo entered an area, local people often did not resist. Renamo reinstated the local chiefs and told people in villages to go back to their traditional land. Renamo was often brutal, but many reinstated chiefs backed Renamo. Most people fled to the towns, but some stayed and accepted the Renamo occupation. Renamo became the party of people opposed to modernisation – those who supported traditional leaders and wanted to continue traditional ceremonies – and those who had been harmed by the errors of economic modernisation policies.

Thus, using social contract and greed/grievance models of the roots of civil war<sup>23</sup>, it could be argued that the failure of the Frelimo economic modernisation strategy and the deterioration of the rural economy developed into a felt grievance, for which the government was blamed, and thus to a breakdown in the social contract. The breakdown was not serious enough to cause or trigger a war, but it definitely led poor rural people in some areas not to oppose invading Renamo forces.

## **Parties, elections and abstention**

Since the end of the war in 1992, Frelimo has convincingly won all five multiparty elections (national in 1994, 1999 and 2004 and local in 1998 and 2003).<sup>24</sup> Three quarters of all voting age adults participated in the first-ever multi-party elections in 1994. Existing president and Frelimo party head Joaquim Chissano was convincingly re-elected with 53% of the vote, compared to 34% for Renamo head Afonso Dhlakama. The election won high praise from international observers, but there was surprise at the strong showing of the opposition. Two reasons were cited: in part the vote for Renamo was to bring it into politics and ensure an end to the war, and in part it was a vote against Frelimo which was blamed for growing economic difficulties.

Frelimo was the single liberation movement and then the party of the one-party-state, so it had an established network reaching all levels of society. With the advent of multi-party elections, Frelimo converted that structure into something very similar to party machines in developed countries. The war ended without Renamo having built a strong local base, but it did attract a

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<sup>23</sup> See *Civil War, Civil Peace* chapters 3, 6, and 7.

<sup>24</sup> Best estimates are that Frelimo won a clear parliamentary majority in all three elections and clear majorities in the presidential elections of 1994 and 2004. The 1999 presidential election was very close and there was some fraud on both sides, so the 'real' result cannot be known.

number of competent ambitious people who had fallen out with Frelimo. Despite advice from a wide range of conservative parties and foundations, party President Afonso Dhlakama refused to turn Renamo into a normal party; he continues to run it personally and treat it like a very centralised guerrilla movement. That means Renamo lacks sufficient cadres for organisation, and fails to push its supporters to vote. Numerous small parties have been created, but none has made an impact. Partly there is a problem that the multiparty system was introduced at the same time as capitalism; people expected to be paid for everything and voluntary work was seen as part of the bad old socialist system. Thus small parties and NGOs have been formed mainly to secure an income. Only Frelimo has been able to build a party machine based on a mix of voluntary work and patronage.

One result is that Frelimo has no effective opposition and is increasingly becoming a predominant party – the natural party of government. This is being reinforced by a re-partyisation of the civil service and by some ballot box stuffing in the 1999 and 2004 elections, which has given Frelimo a further advantage.

Meanwhile, turnout has been falling dramatically. Registration has consistently been over 80% of voting age adults, but turnout of registered voters has been falling – from a remarkable 88% in 1994 to 74% in 1999 and only 43% in 2004.<sup>25</sup> Most of the 2004 abstainers appear to be people who had voted against Frelimo in 1999, and decided it was not worth voting in 2004 – because they were no longer opposed to Frelimo (which had a new presidential candidate), because they no longer saw Renamo as a credible opposition, or because they believed exaggerated claims by Dhlakama that the election would be stolen so felt there was no point in voting.

Although Dhlakama and some Renamo officials continue to threaten violence, and claim all three elections were stolen, this is no longer taken seriously. However there is a concern about the very low turnout in 2004, and the growing feeling by many Mozambicans that democracy and electoral politics will not resolve their worsening poverty.

## **Donors, turning to the West, and adjustment**

Mozambique's relations with its donors have been complex. Frelimo has a long history of maintaining a wide range of support. In the 1960s during the liberation war, Frelimo was unusual in receiving aid from both China and the Soviet Union. In the 1990s, it joined both the British Commonwealth and the Portuguese CPLP (Comunidade dos Países de Língua Portuguesa).

During the 1981-92 destabilisation war, Mozambique was kept alive by a mix of aid from the East bloc – the then Soviet Union and more independent communist countries including East Germany – as well as traditional western European allies – Nordics, Netherlands and Italy – who were not prepared to confront the US directly over its proxy war but who were will to bandage Mozambique's wounds. But as the Cold War and South African destabilisation intensified Mozambique tried to reach an accommodation with the US to end the war.<sup>26</sup> The US demanded 'a turn toward the West'. Mozambique joined the IMF and World Bank (the Bretton Woods Institutions, or BWIs) in 1984 and agreed to allow US non-government organisations to work in Mozambique. The economy was badly battered by the war, with production falling and inflation rising rapidly, to a point where the Mozambican currency (the Metical) was almost valueless. The BWIs wanted shock therapy (as was later applied unsuccessfully to Russia). Even Mozambique's friends pushed it to try to settle with the US, and in the 1980s, donors twice withheld food aid and allowed Mozambicans to starve – in 1983 to force it to join the Bretton Woods institutions, and in 1986 to pressure it to agree a first structural adjustment programme.<sup>27</sup> Again, Mozambique successfully judged the balanced of support, and in 1986 it introduced its own compromise programme with devaluation, deregulation, privatisation, health charges, and less price control. But in contrast to BWI ideology, there was also an increase in wages and producer prices, support for moving consumer goods into rural areas to stimulate the economy, and assistance for local industry. It was a two-fold success. First, the donors approved, and aid tripled, from \$300 mn in

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<sup>25</sup> *Mozambique Political Process Bulletin*, issues 14, 24, and 31

<sup>26</sup> As then President Samora Machel argued, it was important to deal with the organ grinder and not the monkey.

<sup>27</sup> Joseph Hanlon, *Peace without Profit*, Oxford: James Currey, 1996 pp 90-92



1985 to \$920 mn in 1988. Second GDP grew, inflation fell, and the Metical was again worth something and people no longer demanded dollars or rand. Economic growth happened despite the intensification of the war.

But the IMF was not satisfied, and from 1990 it imposed harsh adjustment policies, including savage cuts in government spending, limits on credit to the economy, and sharp cuts in real wages – nurses and teachers fell below the poverty line in 1992, below the abject poverty line (then \$50/month) in 1993, and below \$40 per month in 1996. Where the government policy led to rising GDP and falling inflation from 1987 through 1991, the IMF policy led to falling GDP and rising inflation, even after the war ended in 1992. There was no peace dividend and little post-war reconstruction.

In the early 1990s, the unquestioned victory of ‘savage capitalism’ and the policy dominance of the BWIs was largely accepted by Mozambique’s remaining donors. Nearly all donors made aid conditional on the recipient having programmes with the IMF and World Bank, which gave those agencies dictatorial power to impose the harshest adjustment.

But two problems arose. First, the IMF also imposed a cap on aid, saying that spending aid on post-war reconstruction would be inflationary, while the donors wanted to spend more money on what was already becoming a donor darling. Meanwhile, under IMF pressure the minimum wage had fallen from \$40 a month in 1991 to \$15 a month in 1995. Finally, in 1995 the new government elected the previous year raised the minimum wage to \$20. The head of an IMF delegation in Maputo in September 1995 condemned the increase and warned that the IMF would suspend its programme and declare Mozambique ‘off track’. Because donors all required BWI programmes before they dispensed aid, the IMF would have suddenly ended all aid. A group of donors concerned about the lack of peace dividend, the cap on their own aid, and the threat of a further squeeze by the IMF issued an unprecedented public statement backing the government and criticising the IMF. It worked. The IMF backed off, loosening its controls on the economy, allowing more aid spending, and permitting the increase in the minimum wage. GDP began to grow and inflation fell. The government was able to rebuild schools and health posts and begin to slowly expand coverage.

The second problem related to what became a donor obsession in the late 1980s and early 1990s of accelerating Mozambique’s transition to capitalism and its acceptance of free market policies, and quickly turning the Frelimo ‘socialist’ leadership into capitalists. The World Bank took the lead by pushing loans to Frelimo leaders who were involved in privatised businesses, knowing that the loans would not be repaid.<sup>28</sup> As the Bank has admitted more recently, in that era it did not pay attention to corruption. USAID said openly that it was trying to ‘erode’ the capacity of the state in order to make it easier for private interests and non-government organisations to take over.<sup>29</sup> In the first years of independence, Mozambique had been a paragon of integrity and honesty; by the early 1990s, corruption was endemic. In an earlier article, once rejected out of hand but now grudgingly accepted, I argued that in the mid 1990s the donors had made an implicit deal with the governing elite – in exchange for faultlessly implementing donors demands on the economy, corruption would be allowed.<sup>30</sup> A senior central bank official and the country’s top journalist were both assassinated to stop them investigating high level corruption in the banking system, but within months donors actually increased aid; a senior Frelimo leader wrote in a Sunday newspaper column that good economic performance ‘overrides the bank scandal and the assassinations’,<sup>31</sup> and no donor disagreed.

The very broad donor consensus on economic policy and support for the BWIs overrode any other policy disagreements; in any case, much aid in the 1990s went directly into projects or ministries, so donors were free to support their pet areas without confrontations. As the 1990s came to an end, concern began to grow about the failures of the adjustment programme and the IMF limits on social spending, which were eased with the adoption of the Millennium Development

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<sup>28</sup> This was admitted in the World Bank’s own evaluation: Luis Landau, *Rebuilding the Mozambican Economy, Country Assistance Review*, Washington: World Bank, 1998, pp 62–63.

<sup>29</sup> Julius Schlotthuer, USAID manager in Maputo, speaking in 1992 and quoted by Hans Abrahamsson and Anders Nilsson, *Mozambique: The Troubled Transition*, 1995, p 142 and footnote 239.

<sup>30</sup> Joseph Hanlon, ‘Do donors promote corruption?: the case of Mozambique.’ *Third World Quarterly*, Vol. 25, No. 4, pp. 747–763, 2004.

<sup>31</sup> *Domingo* (Maputo), 2 December 2001.

Goals. There was a more quiet donor confrontation with the IMF in 2006, and it was forced to lift caps on aid spending in health and education.

By the early 2000s increasing numbers of donors were providing direct budget support, and the Budget Support Group became the main donor policy forum. By 2007 there were 19 members and they signed an annual contract with the government covering all policy areas. Donors present an agreed front and do not break ranks. Moreover, the budget support process means that donor representatives are now at the heart of decision making processes within government, so few choices are made which donors would not support.

Mozambique has developed a very complex relationship with its donors.<sup>32</sup> It truly is a donor darling, receiving \$65 per person per year in aid, compared to Tanzania and Uganda (which have almost the same GDP per capita as Mozambique and are often grouped with Mozambique as IFI showcases of 'success'.<sup>33</sup>) and Malawi (which is much poorer than Mozambique), which each receive only \$42 per person per year. A joint donor-government study in early 2007 said 'Mozambique is generally considered an aid success story'<sup>34</sup> but that there is 'a widespread perception that that Government leadership and ownership of the aid agenda has left donors in the driver seat.'<sup>35</sup> In a 2004 study, Tony Hodges and Roberto Tibana said 'high aid dependence means that the budget process essentially involves only two actors, the executive and foreign donors. Accountability to donors is much stronger than it is to Mozambican society.'<sup>36</sup> In an ironically titled 2005 report 'Perfect Partners', Tony Killick, Carlos Nuno Castel-Branco and Richard Gerster said that the Mozambique government apparently believes 'that its undoubted reliance on foreign assistance means that it is not in a position to insist on its own priorities. ... We would like to stress that aid dependency does not have to entail subservience'.<sup>37</sup> But Castel-Branco<sup>38</sup> notes that Mozambique's decision to apparently give up ownership is, in fact, a choice – to maximise aid flows – and thus a form of ownership.

Mozambique needs the money and the donors are desperate for an African success story. Yet, the only real test of 'success' of aid is a reduction in aid dependence, as happened in Europe after the Marshall Plan or Ireland after its EU-funded aid boom. Castel-Branco makes the point that aid dependency is actually increasing, because instead of being used to stimulate economic growth, aid is being used for investment in social consumption (health, education, water, etc.), and each year Mozambique needs more aid to keep previous years' investments operational. So aid dependency deepens.

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<sup>32</sup> See Paolo De Renzio and Joseph Hanlon, 'Mozambique: Contested Sovereignty and The Dilemmas of Aid Dependence', in *The New Politics of Aid: Barriers to Ownership in Africa*, Ed Lindsay Whitfield, Oxford University Press forthcoming, and in an earlier version on [http://www.globaleconomicgovernance.org/docs/DerenzioandHanlon\\_Mozambiquepaperrev120107.pdf](http://www.globaleconomicgovernance.org/docs/DerenzioandHanlon_Mozambiquepaperrev120107.pdf)

<sup>33</sup> Graham Harrison, 'Post-Conditionality Politics and Administrative Reform: Reflections on the Cases of Uganda and Tanzania' 2001.

<sup>34</sup> 'Donor cooperation strategy with Mozambique', KPMG, 2007 p 46

<sup>35</sup> Ibid. p 32

<sup>36</sup> Tony Hodges and Roberto Tibana: *Political Economy of the Budget in Mozambique*, 2004 p8. (Later published in Portuguese as *A Economia Política do Orçamento em Moçambique*, Princípios, Maputo 2005)

<sup>37</sup> Tony Killick, Carlos Nuno Castel-Branco and Richard Gerster; *Perfect Partners? The performance of Programme Aid Partners in Mozambique, 2004, 2005* p50

<sup>38</sup> Carlos Nuno Castel-Branco, 'Aid and Development, A Question of Ownership?', 2007.

## 2. 'It's the economy, stupid'<sup>39</sup>

Fifteen years after the war ended, travelling through rural Mozambique one still sees destroyed shops and government buildings. The Cold War may now be a dim memory in the US and Western Europe, but its results are still a very real presence in Mozambique. Two decades of structural adjustment and 15 years of peace have not brought prosperity.

Mozambique proudly claims nearly a decade of GDP growth of 7% per year, and that the number of people living below the poverty line decreased dramatically from 69% in 1997 to 54% in 2003.<sup>40</sup> But UNICEF points out that children have poor nutrition in the overwhelming majority of Mozambican households, and the rate of chronic child malnutrition is actually rising.<sup>41</sup> This is, says both UNICEF and the World Bank, a 'paradox'.

In fact, it is not paradoxical at all. The decline in poverty is exaggerated (see below), while the gap between rich and poor is widening with the poor becoming steadily poorer and unable to properly feed their children. Donors are being highly selective in the choice of data, highlighting the most positive figures while ignoring equally valid information that paints a different picture. To give just one example, the most recent UNDP *Mozambique Human Development Report* estimates that 'real GDP per capita' in 2004 (the last year for which data was available) was under \$100 per year in five provinces. Between 2000 and 2004 'real GDP per capita' fell everywhere<sup>42</sup>, says UNDP – very different from the overall GDP figures which are usually cited.

UNDP's International Poverty Centre issued a damning report on Mozambique in September 2007.<sup>43</sup> It said that 'recent economic growth in Mozambique cannot be considered pro-poor', and that instead benefits of economic growth are going to 'a sharp rise in the consumption growth of the richest households in the midst of a large impoverished population.' Therefore, it called for 'a significant shift in the country's development strategy.'

### Failure to rebuild after the war

There was real economic growth after the war, as peasants reopened abandoned fields and the rebuilding of roads and bridges increased rural trade. Aid remained capped, as did the government salary bill, but the caps were looser; the most severe constraint was that the IMF forced a steady decrease in credit to the economy. An important policy shift was that under BWI pressure the grain marketing board was closed, ending storage facilities and guaranteed prices, and shifting all of the risk onto peasants still recovering from war. In the colonial era and before the war, rural shops bought crops and sold inputs, but most shops were destroyed in the war and never reopened. There are many more petty traders on foot or bicycle; they sell small items but do not buy crops. Agricultural technology and productivity levels remain low, and there is little rural credit.<sup>44</sup>

The central problem appears to be that too little money is going into the economy and this is retarding economic development. Total useable post-war aid<sup>45</sup> has been \$11 billion – significantly more per capita that is being given to other poor southern African countries, but is still just half the cost of the 1981-92 Cold War proxy war. So the former 'West' has not even given Mozambique enough to repair the damage it caused. In addition to a simple lack of money, the BWI policy now adopted by Mozambique is that the role of donors and the state is to create human capital (though health and education) and build infrastructure (roads and electricity), and on that basis, the private sector will invest, develop Mozambique, and end poverty. The government can

<sup>39</sup> A phrase widely used during Bill Clinton's successful 1992 US presidential campaign against George H.W. Bush.

<sup>40</sup> Cláudio Massingarella et al, *Poverty and Well Being in Mozambique: The Second National Assessment (2002-2003)*; Maputo: Ministry of Planning and Finance

<sup>41</sup> UNICEF, *Childhood Poverty in Mozambique: A Situation and Trends Analysis*, Maputo, UNICEF, 2006

<sup>42</sup> Except Maputo province, where real GDP per capita was artificially inflated by the opening of the Mozal aluminium smelter.

<sup>43</sup> Pekka Virtanen and Dag Ehrenpreis, 'Growth, Poverty and Inequality in Mozambique'. Country Study n° 10, Brazilia: International Poverty Centre. Sept 2007.

<sup>44</sup> Donors often promote microcredit, which has helped petty traders, but with interest rates of 10% per month, it is too expensive to use to buy inputs like fertiliser and improved seeds, or to invest in irrigation.

<sup>45</sup> Excluding debt relief, emergency aid, and technical assistance. See Hanlon, *Do more bicycles equal development in Mozambique?*, forthcoming 2008.

create the conditions, but then, 'it must be left to the market,' explained Aiuba Cuereneia, Mozambique's Planning and Development Minister.<sup>46</sup> 'Our policy is to attract investors who bring know-how, access to markets, and capital, and who do not need Mozambican banks,'<sup>47</sup> explained Roberto Albino, the head of the government agency to promote commercial agriculture (CEPAGRI, Centro da Promoção da Agricultura). Mozambique has few experienced business people and they lack capital, which means, Cuereneia admits, that for the next few years, 'unfortunately, most investment will be foreign.'

This vision of development is popular with donors. Speaking for the 19 budget support donors, Norway's ambassador Thorbjorn Gaustadsaether on 21 September 2007 praised the government 'particularly for its macro-economic management'. Although there are continuing serious governance and corruption problems, it is economic development which is most important, and thus the government should press forward improving the business climate and encouraging private business, he said. Although some donors such as Britain have been arguing that neo-liberalism and the Washington Consensus<sup>48</sup> are dead, the Budget Support Group in Maputo made clear that those policies are alive and well in Maputo.

But foreign business people are not flying in to invest in poverty reducing or labour intensive production, so jobs are not being created. Most foreign investment has been in mega-projects in the mineral-energy sector – a \$1.5 bn aluminium smelter, a gas pipeline for export to South Africa, and titanium and coal mines. The 2007 International Poverty Centre study argues that these mega-projects have created few jobs and, because of tax exemptions, contribute little to public revenue. Furthermore, it says, 'the concentration of private and public investment in large capital intensive projects with little impact on poverty has drained financing from other, potentially more-poverty reducing projects.' It concludes that the donor/IFI-promoted 'mega-project based development strategy relying on market opening has lost more jobs than it has created' and that 'its overall impact has arguably been to increase poverty'.

Only two areas of foreign investment are creating jobs – sugar investors were given tariff protection over the sharp objections of the IMF and have created 10s of thousands of jobs, while international tobacco companies have done more than any other intervention to raise peasant incomes in some areas.

But there is very little domestic investment or job creation. There is no credit for the economy, little agricultural extension, few business extensions services, and little agriculture and other research. Despite every study pointing to the importance of agriculture, donor and government spending on agriculture has been falling for over a decade. The International Poverty Centre 2007 study says that post-war agricultural growth 'represents a "bounce-back" from the catastrophic war year' and came entirely from the expansion of area under cultivation and higher labour input; 90% of farmers still prepare their land by hoe, and food crops yields have not changed over the past decade. It stresses that 'investment in agriculture remains extremely low'.

## Violence and division

Mozambique seems peaceful of the surface, but there is a level of violence just below the surface. Could this lead to more organised violence? Mozambique's linguistic (or 'ethnic') diversity ensures that no single group is dominant, and makes it necessary to look elsewhere for division. In the remainder of this section, we highlight three growing divisions which could lead to organised violence:

- Between rich and poor and between rural and urban – loosely, class division.
- Regional divisions, between the far south of the country and the centre and north.
- Age, between the traditional and party elders who control power and an increasingly educated and disaffected youth.

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<sup>46</sup> Interview, Maputo, 26 October 2006.

<sup>47</sup> Speaking at a public meeting at Hotel VIP, Maputo, Mozambique, 23 May 2006.

<sup>48</sup> A package of measures forced on aid recipients by the IMF and World Bank in the 1990s, including small government and reduced spending, ending subsidies, privatisation, trade liberalisation, deregulation, free market exchange rates, and higher interest rates. The small government component was abandoned by the mid-1990s, as the World Bank, in particular, came to realise that governments did not have enough skilled staff to implement World Bank programmes. Later, the MDGs led to larger government and more spending in the social sectors.

We will argue that all three of these divisions are rooted in economics and in the development policy of the past 15 years.

One period of violence has been particularly well studied by a team led by Carlos Serra of Universidade Eduardo Mondlane<sup>49</sup>. In 2001 and 2002 there was a cholera outbreak in coastal Nampula province, and people putting chlorine in wells were accused of poisoning the wells with cholera. Houses were burned, officials were attacked, and at least one person was killed. The study found that local people felt the rapid post-war changes were making their lives worse, and they blamed outsiders and in particular the state for this. Second, and most importantly, they strongly believed that the rich and powerful (which included government officials, NGO workers, and even traditional chiefs) wanted to kill the poor; fearing for their lives, they believed officials were poisoning their water.

The validity of these fears is not important, although if one accepts Johan Galtung's concept of 'structural violence', that poor are suffering indirect violence at the hands of the rich.<sup>50</sup> And it is necessary to understand that the rural poor see their living standards deteriorating, fear for their lives, and will resort to violence to protect themselves. There have been outbreaks of xenophobia and of rumours that children are being kidnapped or killed to steal their organs. There are growing complaints that violent crime is increasing. There have been lynchings and even necklacings in Maputo neighbourhoods and elsewhere.

And the rich and powerful have shown their willingness to resort to violence. In 2000 and 2001 investigative journalist Carlos Cardoso and central bank head of banking supervision Siba-Siba Macuacua were both publicly assassinated as they tried to investigate high level involvement in bank fraud.

Frelimo is coming to represent the urban and better off, while Renamo has increasingly filled the gap, becoming the party of the poor and rural. Official party figures show that at the Frelimo 9<sup>th</sup> Congress in November 2006, more than two-thirds of delegates worked for the party or the state, while only 7% were subsistence peasants and less than 1% were industrial workers. Only 1% said they were members of the trade union federation OTM. As Table 2 makes clear, economic divisions are not fully reflected in voting patterns – Frelimo does well in the poorest and the richest provinces. But we argue that these divisions are growing, and are the ones to watch in any assessment of potential violent conflict.

### *Increasing class differentiation*<sup>51</sup>

The headline figure of a dramatic fall in poverty is quoted by donors and government as a mark of Mozambique's post-war success. We have left discussion of that figure until now because it requires looking in detail at various surveys. All data from poor countries must be treated with caution, and one must take care in choosing one study over another. Nevertheless, we will argue here that the headline figure beloved of donors is not valid and its use is misleading; furthermore, other studies paint a very different picture, which is one of growing poverty and differentiation, and are therefore not cited by donors and government.

The claim that the number of people living below the poverty line falling from 69% to 54% is based on a comparison of a pair of family consumption surveys (IAF, Inquérito aos Agregados Familiares) in both rural and urban areas in 1996-97 and 2002-03.<sup>52</sup> The key issue is the definition of the poverty lines, which is partly based on a food basket providing basic nutrition. If the same food basket is used in both years, then the percentage below the poverty line falls only from 69% to 63%. Because of population increases, the number of people in poverty increased from 11.2 million to 11.7 million. But the study organisers argue that the price of maize rose substantially and the price of cassava fell, leading many poor people to switch. A new food basket based on what people really ate leads to the number below the poverty line falling from 69% to 54%. The problem

<sup>49</sup> Carlos Serra, *Cólera de catarse*, Maputo: Imprensa Universitária, 2003.

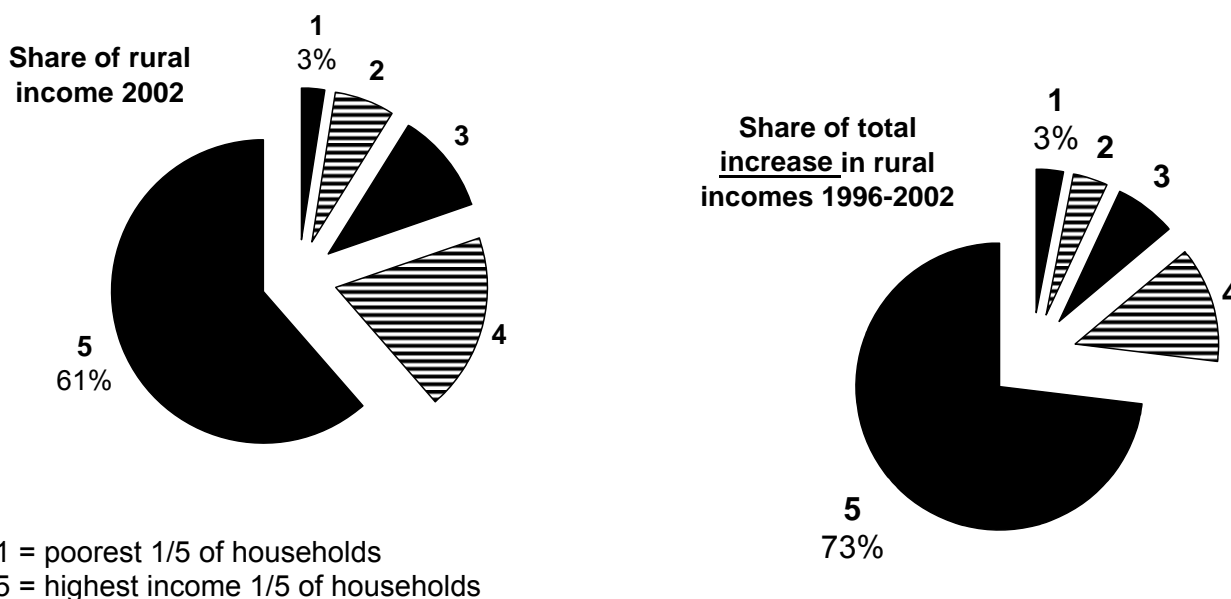
<sup>50</sup> Johan Galtung, 'Violence, peace and peace research', *Journal of Peace Research*, 6(3) 1969, pp 167-91. In the paper, he argues that 'if people are starving when this is objectively avoidable, then violence is committed, regardless of whether there is a clear subject-action-object relationship.' If people are being starved to death or shot and killed, there is equal violence being committed.

<sup>51</sup> This section is based on chapter 7 of Hanlon, *Do more bicycles equal more development in Mozambique?*, forthcoming 2008, which provides more details of the arguments.

<sup>52</sup> Cláudio Massingarella et al, *Poverty and Well Being in Mozambique: The Second National Assessment (2002-2003)*; Maputo: Ministry of Planning and Finance.

is that cassava is less nutritious than maize, so simply gaining the same number of calories from cassava is not having the same diet – indeed, the switch from maize to cassava probably explains the ‘paradoxical’ rise in chronic malnutrition, as children had enough calories but not enough other nutrients. We do not feel that the new food basket is equivalent, and thus consider that the smaller drop in poverty, from 69% to 63%, is more accurate.

Chart 1  
**Share of rural income and income increase, by quintile of household income<sup>53</sup>**



The chart shows that the poorest 1/5 of households have only 3% of rural income and received only 3% of the gains between 1996 and 2002.

A series of rural income surveys (TIA, Trabalho de Inquérito Agrícola) in 1995-96, 2001-02 and 2004-5 provide a much more detailed picture. Officially, 70% of the population is as rural, so this also includes people in smaller towns. These show a huge increase in differentiation. There was a general increase in income between the first two surveys, but of the total increase in rural income, 73% went to the 20% of households with the highest incomes and less than 3% went to the poorest 20%. Chart 1 shows this. For the next period, differentiation accelerated, with the non-poor becoming better off, but the poorer becoming poorer. Table 3 shows that the poorest half of the rural population actually saw their incomes fall, while the top 20% made another large gain. The widening gap between better off and very poor is also shown by the fact that between 2002 and 2005 mean income rose 18% but median income *fell* by 3%<sup>54</sup>. Finally the studies show that the position of people near the poverty line is very precarious. Nationally, half of the rural families considered ‘not poor’ in 2001-2 had fallen back into poverty by 2004-5. Table 4 shows the high degree of insecurity; in 2002, 30% of rural families nationally were not poor, but by 2005 half of

<sup>53</sup> Joseph Hanlon, *Do more bicycles equal development in Mozambique?*, forthcoming 2008, based on Duncan Boughton, et al, ‘Changes in Rural Household Income Patterns in Mozambique, 1996-2002, and Implications for Agriculture’s Contribution to Rural Poverty’, Research Report 61, Ministry of Agriculture & Rural Development and University of Michigan, Dec 2006.

<sup>54</sup> Mean is arithmetic average (sum of all incomes divided by number of people) while median is the income of the person half way between highest and lowest. When the mean rises it means total income rises, but if in addition the median falls, it means money has been transferred from poor to rich.

them had fallen back into poverty, while 18% of the population had been able to rise above poverty. The total change is small, just 3%, but that hides a very large movement up and down.

For the 70% of the population covered by the survey, and thus for the country as a whole, the differences between better off and poor are widening noticeably, with the income of the poor majority actually falling between 2002 and 2005, while grumbling about manifestations of wealth are increasing. And people near the poverty line are particularly insecure and struggling. Therefore the main conflict in Mozambique is between classes, between the better off and worse off competing for the same resources.

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**Table 3**  
**Change in rural family income between 2002 and 2005, by quintile<sup>55</sup>**

<b>Income group</b>	<b>Change in median income</b>
1 (poorest)	-27%
2	-14%
3 (mid)	-4%
4	11%
5 (highest)	21%
<b>TOTAL</b>	<b>-3%</b>

**Table 4**  
**In and out of rural poverty between 2002 and 2005<sup>56</sup>**

<b>Poor in 2002</b>		<b>Not poor in 2002</b>	
<b>Remained poor</b>	<b>Escaped poverty</b>	<b>Became poor</b>	<b>Remained non-poor</b>
52%	18%	15%	15%

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*North-south divisions*

The second important division is between the far south and the rest of the country. Since the late 19<sup>th</sup> century, southern Mozambique has been closely linked to South Africa, and the capital, Maputo is in the far south of the country. Table 2, using data from the most recent UNDP *Mozambique Human Development Report*, shows the stark difference in 'real GDP per capita' between Maputo city and province and the rest of the country. Industry is concentrated in the far south, and most investment in recent years has been in the Maputo corridor, linking that port city to South Africa. Between 1990 and 2003, 75% of FDI and 60% of total private investment was in Maputo city and province.<sup>57</sup> This trend is encouraged by the commitment to market forces determining economic investment policy, since most investors go to areas which are already most developed and have markets and infrastructure. The market focus has also meant less attention being paid to agriculture, which is much more important in the north.

The issue is not just investment. The government is also under pressure to spend more on services for the better off, and in particular comes under social and media pressure from the Maputo middle class. UNICEF estimates that expenditure per person in health in 2005 varied from \$2 per person in Zambézia province to \$5 per person in Maputo City. In general, expenditure in the centre and north was significantly smaller than in the south. In addition, health expenditure on tertiary facilities (mainly hospitals), which are more used by the better off, is much higher in

<sup>55</sup> Raúl Pitoro and Gilead Mlay, 'Análise de Rendimento e Dinâmica da Pobreza nas Zonas Rurais de Moçambique 2002-2005, Resultados Preliminares com base no TIA 02 e TIA 05', Maputo, 1 Feb 2007.

<sup>56</sup> Ibid.

<sup>57</sup> Carlos Nuno Castel-Branco, 'What is the experience and impact of South Africa trade and investment on the growth and development of host economies? A view from Mozambique', Maputo, 2004.

Mozambique than in comparable countries; in Mozambique 38% of health care expenditure is made on the tertiary care level, compared to 11% in Uganda, Malawi and Ethiopia.<sup>58</sup>

There has been a huge expansion of education, promoted by donor funds, the MDGs, and the lifting of the IMF caps on civil service wages. This expansion is visible and popular, although Mozambique will not reach the MDG of universal primary education by 2015.<sup>59</sup> But again the regional disparity is clear; whereas nearly all primary age children are in school in Maputo city and province, the figure is just over half in Nampula province in the north.<sup>60</sup>

Thus a pattern of more development in the south is being reinforced by more spending and investment in the south, where wealth is already concentrated.

### *Youth as an angry generation*

The majority of Mozambicans are too young to remember the war. Their experiences and expectations are very different from those of their parents. Increasingly people in the late teens and 20s at least have some primary education and speak the national language, Portuguese. They see themselves as better educated and more 'modern' than their parents, and have more contact with a wider world through mobile telephones, videos, and more travel (even if only to the nearest market town, which often has electricity and discos). Many young people do not see themselves as hoe farmers like their parents.

More young people are leaving an expanding education sector with at least basic literacy, but they cannot find jobs. Indeed, the number of formal sector jobs is declining, and there are many fewer opportunities for migrant labour, which had been important for previous generations. Young people with a basic education drift into the towns and cities and try to earn their living in the informal sector, on the margin of legality. Young women often resort to prostitution to feed themselves and their children.

Meanwhile, both the traditional and the modern party system do not allow youth a voice. Both Frelimo and Renamo are tightly hierarchic and ruled by party elders. The 'free market' does not provide jobs and the economy feels dominated by older people who seem to gain advantage through party links. There is much discussion of youth, but no one actually listens to them. Thus there is a pool of increasingly alienated young people who do not see a better future for themselves.

There is a potential danger that a charismatic leader could mobilise the disaffected poor youth to violence.

## **Conclusion**

Nearly three decades of war, largely imposed from outside, has been followed by 15 years of peace. Few people who suffered in the wars would voluntarily return to war. But half of Mozambique's population is too young to remember the wars.

The excellent *Conducting Conflict Assessments: Guidance Notes*<sup>61</sup> by Britain's Department for International Development (DfID) stresses the importance of economic and social factors as well as political ones as roots of violent conflict. It says that any analysis must look at the ways aid may have fuelled greed and grievance, such as 'privatisation programmes which serve elite interests and generate conflict.' It specifically warns about aid going 'on economic adjustment and liberalisation' instead of targeting 'poverty reduction or peacebuilding.' And it calls for the defining of new policies to redress regional inequalities, create economic opportunities for marginalised groups, and for development 'which connects remote areas to the market and increases access to state services'. It also calls for policies 'supporting stronger focus on the needs of disaffected

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<sup>58</sup> UNICEF, *Childhood Poverty in Mozambique: A Situation and Trends Analysis*, Maputo: UNICEF, 2006, Figure 3.30 and p 126. An exception is Niassa province in the north, where expenditure is at the level of Maputo City.

<sup>59</sup> This is largely due to Mozambique starting from such a low base – the IMF forced *cuts* in education spending up until the donor protest of 1995, and expansion of education and health was limited until much more recently.

<sup>60</sup> Virtanen and Ehrenpreis, 'Growth, Poverty and Inequality in Mozambique', IPC 2007.

<sup>61</sup> London: DfID, 2002, principal authors Jonathan Goodhand, Tony Vaux and Robert Walker. <http://www.dfid.gov.uk/pubs/files/conflict-assess-guidance.pdf>



youth.' Finally, it highlights the need 'to influence development actors such as the IMF, the EU and World Bank' who are failing to take into account these violent conflict related issues.

There are two reasons to quote this at length. First, because we argue in this paper that the *Guidance Notes* correctly point to the possible sources of violent conflict in Mozambique. Second, because we see the response to these notes as symptomatic of the wilful blindness of the donor herd. When DfID actually commissioned a conflict assessment of Mozambique, it allowed only two weeks. The brief tasked the consultants to look primarily at the traditional political issues and, because of pressures of time, did not have them look at the social and economic issues which the *Guidance Notes* themselves highlight. The final report notes that 'Mozambique is becoming another example of the problem of chronic unemployment among educated youth – a phenomenon associated with rising crime and potential for conflict.'<sup>62</sup> But the report does not go into detail on how one might respond, for lack of time and because it was outside the brief.

It is easy to take DfID to task because it ignored its own guidelines, but the problem is more general. Donors need to believe in the Mozambique success story, so they do not look at anything which would challenge their comfortable picture and would force them to rethink their consensus development policy. But inequalities are growing and are now the major area of conflict in Mozambique. As some prosper, allegedly because of party or other connections, the lack of jobs and agricultural support for the majority are the becoming a source of grievance. The poor feel under threat and fear for their lives; they implicitly understand that they are subject to structural violence.

It is difficult to predict organised violence. But we may already be seeing the inchoate violence of a group who are young, poor, partly education, and marginalised – illegality, criminality with gratuitous violence, sexual violence, and attacks on outsiders and the more powerful blamed for the increasing economic problems. This sort of violence is much more common in neighbouring South Africa, but it seems to be increasing in Mozambique, particularly with an increased willingness to use weapons and indications of the formation of gangs. The disenchanted young do not seem to identify with language groups nor with parties, and are not voting in elections. But will growing structural violence lead to direct organised violence? What would happen if, as in West Africa, there were charismatic leaders who called on the lumpen youth to rise up against their greedy elders? Preventing violent conflict requires giving the young and poor a future and a stake in society – not a trickle down free market that might, some day, perhaps, solve their problems, but active intervention to tackle grievances and create jobs and agricultural markets.

Is the donor herd so mesmerised by a few good statistics that they cannot see the growing poverty outside the capital? Or can they accept they view of the International Poverty Centre that 'a significant shift in the country's development strategy' is required?

After 15 years of creating the right conditions for private investment, it is time to accept that foreign investors are not flying in and ending poverty. The policy of a passive state which creates the right conditions – infrastructure and human capital – has failed. Preventing violent conflict requires Mozambique to become an activist, developmental state which intervenes in the economy, and gives all Mozambicans a stake in the future.

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<sup>62</sup> Tony Vaux, 'Strategic Conflict Assessment: Mozambique' by Tony Vaux, Maputo: DfID, 2006.  
<http://www.dfid.gov.uk/pubs/files/strategic-conflict-assessment.pdf>. Ironically, Tony Vaux is one of the authors of the *Guidance Notes*.