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### The political economy of Mozambique twenty years on: A post-conflict success story?

Madalitso Zililo Phiri <sup>a</sup>

<sup>a</sup> Human Sciences Research Council, South Africa

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## The political economy of Mozambique twenty years on: A post-conflict success story?

Madalitso Zililo Phiri\*

*Human Sciences Research Council, South Africa*

The following article investigates the state of Mozambique's political economy 20 years after the end of its civil war between FRELIMO and RENAMO, in 1992. This paper is written from the theoretical perspectives of growing criticism of the neo-liberal assumptions that underlie development policy and places the analysis of Mozambique's economic growth and development within the field of development studies as they are played out in African realities. Mozambique is viewed by the donor community and multilateral institutions as a success story of postwar construction, yet a closer look at the development outcomes in Mozambique calls this conclusion into question. The paper found that, despite improvements in reducing the number of people living in poverty between 1992 and 2012, hunger persists and malnutrition and diseases such as malaria, HIV/AIDS and tuberculosis are on the increase. The author concludes that global governance reforms that take cognisance of Mozambique's and indeed Africa's governance challenges are needed to forge a development paradigm relevant for Africa.

**Keywords:** Mozambique; political economy; poverty; neo-liberalism; HDI

### Introduction

Since the signing of the 1992 General Peace Agreement between FRELIMO (the Front for the Liberation of Mozambique) and RENAMO (*Resistencia Nacional Mocambicana*, or the National Resistance Movement of Mozambique), Mozambique has been regarded by international policy makers and commentators as a 'beacon of hope', even a model that can be emulated in post-conflict societies across the world. These suggestions have been made after experimentation with political and economic reforms under the auspices of the International Monetary Fund (IMF) and World Bank brought about positive results in national economic indicators, results that are also noted by several unilateral and multilateral agencies and organisations.

This paper critically analyses the political economy of development in post-conflict Mozambique at this juncture, the 20<sup>th</sup> anniversary of the peace agreement. It questions the growing consensus that Mozambique is 'an African success story' demonstrating the positive effects of the political and economic reforms put in place, and calls for a re-evaluation of development policies in Mozambique, and across Africa.

Following the victory of Samora Machel's FRELIMO against Portuguese colonialism in 1975, complete transformation of a distorted colonial economy was

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\*Email: [mphiri@hsrc.ac.za](mailto:mphiri@hsrc.ac.za)

envisioned for the newly independent Mozambique. FRELIMO pursued policies that were couched in the principles of the 'New Man', an antidote to the colonialist's political, social and economic relations. The ideals of the New Man were fused with a period of pragmatic state action, uncertain social relations and genuine idealism. Coupled with that, the revolution faced an internal backlash as civil war with the rebel movement, RENAMO, ensued. After 17 years of fighting, the task of building a post-independence, post-conflict economy began.

The UN Development Program and others suggest that Mozambique has become one of Africa's most successful stories of postwar reconstruction and economic recovery, holding peaceful democratic elections leading to reconciliation and nation building.<sup>1</sup> The African Development Bank further suggests that Mozambique enjoyed impressive economic growth from 1998, averaging 7.5% over 10 years, with sustained macroeconomic and political stability. Growth has been driven mainly by investments in mineral resources, industry, services, policy reform, pro-poor government expenditure and strong donor support.<sup>2</sup> In the post-conflict phase, consensus in the donor community has been that Mozambique should commit itself to human rights and to a free market; it should uphold the rule of law, maintain fair political processes, train the workforce, give education to the young, bring succour to the suffering poor, and observe gender equality and the rights of minorities. The results are at best mixed. This article seeks to critically analyse the main assumptions of both donors and the Mozambican government by posing the following questions: (1) is Mozambique a successful post-conflict success story after political and economic reforms implemented in the post-conflict phase (1992 to present) and (2) has economic growth in the post-conflict phase been pro-poor in Mozambique?

The case of Mozambique can be situated (albeit not limited) within the broader development debates of Africa, which are characterised by two polarised conceptual frameworks, namely, capitalist development and an alternative growth path for the continent. Göran Hydén has argued that Africa's development malaise can be equated to the failure of African countries to implement the principles of a free-market economy.<sup>3</sup> On the contrary, Hamza Alavi's analysis of peripheral capitalism and its effect on developing societies suggests that capitalism carries the seeds of its own destruction. Following Marxian thinking, Alavi argues that 'capitalist production and exchange presupposes a kind of equality in society and a basic inequality'.<sup>4</sup> This inherent contradiction in the capitalist framework is an impediment to developing societies, as global structures have not been altered to work favourably for developing societies.

This paper identifies with the latter perspective. Nearly five decades after the wave of independence swept the continent, some theorists argue that much of Africa has failed to achieve development. For example, Claude Ake's analysis has argued that 'development has failed as it was never really on the agenda in the first place'.<sup>5</sup> He argues further that the political project that was adopted maintained the colonial practice of repression at the expense of transforming newly independent states. Post-colonial Nationalist governments, albeit with insightful visions to transform the newly independent states, failed to articulate the development agenda. Ake further suggests that 'political conditions in Africa are the greatest impediment to development'.<sup>6</sup> Political expediency, deeply entrenched in Africa's political thought, has failed to bring about the principles of justice, fairness and equality in the public realm that were held out at independence as the goal.

In order to give context to Mozambique's story, however, the discussion begins with a look at the African context of Mozambique's emergence from civil war.

### The African context

Some theorists have poignantly argued that 'for most Africans, independence has been more of a desperate struggle for survival rather than a steady path to development'.<sup>7</sup> At the beginning of the new millennium, Western leaders, policy-makers and commentators<sup>8</sup> equated Africa with collapsed or failed states, civil unrest leading to increased migrations, corruption, endemic war and violence, loss of political direction and unconstitutional attainments of power, as well as widespread crime, unemployment and social atrophy. For example, in 2001 British Prime Minister Tony Blair suggested that '[t]he state of Africa is a scar on the conscience of the world'. Armed with an idealism to relieve Africa of this tragic history, Blair furthermore suggested that, 'if the world focused on Africa, we could heal it; and if we do not, the scar will become angrier still'.<sup>9</sup>

The liberal English historian Martin Meredith notes that 'by the mid-1980s most Africans were poorer than they had been at the time of independence'.<sup>10</sup> There was a failure to cut ties with their colonial masters. This was reflected in the bilateral trade and diplomatic relations that African countries forged with their former colonisers soon after the demise of the colonial regimes. As Ake has lamented: '[A]lthough political independence brought some change to the composition of state managers, the character of the state remained much as it was in the colonial era'.<sup>11</sup> The newly independent African states relied on agricultural raw materials and mineral produce to trade on the global commodity market. For example, Ghana's cocoa exports boomed between 1960 and 1970, and in a similar vein, Zambia's copper supplied the burgeoning global demand.<sup>12</sup> As Meredith notes, in the 1980s Western development economists regarded the state as a principle cause of development failure and called for market-oriented development strategies in place of government intervention.<sup>13</sup> The neo-liberal policy frameworks under which most donor governments or international financial institutions laboured (later coined 'The Washington Consensus') included the imposition of structural adjustment programmes on most African economies, largely under the advice of the World Bank and the IMF. Under these programmes, austerity measures such as public spending cuts were often so drastic that political unrest would result (not unlike Greece in 2012), causing a downward spiral into further economic disruption. Heavy-handed responses from newly established African governments often ushered in a wave of authoritarian rule. Eventually, when commodity prices dropped, many African economies were left with unbearable debt burdens as their revenues dried up, made worse by currency devaluations as capital fled. The hope of economic growth and development became a dim and distant memory under the structural adjustment programmes, and the post-independence window of opportunity was, in many instances, gone. The failure of self-confessed 'socialist' states in Africa seemed to give credence to the reality of a crisis, as these states also saw economic decline and turned out to be as undemocratic and authoritarian as the rest.<sup>14</sup>

Scholars criticising the status quo of global development have reached different conclusions. Archie Mafeje noted that, in recognition of the parlous state of affairs, and in opposition to the Washington Consensus, African intellectuals were even in 2002 advocating the establishment of a 'democratic developmental state'.<sup>15</sup> He points

out that the process of entrenching such a state system should not be confused with the rejection of foreign aid *per se*, but all forms of external impositions; Mafeje laments that this position cannot be sustained without a full commitment to the principle of self-reliance.<sup>16</sup> Ake in 1996 clearly articulated the notion of self-reliance and noted that it should involve a formulation of a post-colonial African discourse cognisant of African realities, challenging dependence on global knowledge production systems and governance structures.<sup>17</sup> In the current period, there are those who would challenge this notion even more strongly, owing to the economic benefits to development in rural areas made available via mobile communications, but the ideal held up was that of an African economic system uncorrupted by Western ideologies.

In similar vein, Samir Amin in 1997 argued that, while maintaining a pretence of objectivity, the World Bank has often shown a preference for the regimes most aligned with Washington and its allies — Mobutu of Zaire, Marcos of the Philippines, Pinochet of Chile, Suharto of Indonesia and the Tontons Macoutes of Haiti — without being greatly bothered by the question of democracy or by issues such as corruption and the ineffectiveness of many of its interventions under these regimes.<sup>18</sup> The rhetoric of development changed drastically with the conception of the African Union in 2002 and the New Partnership for Africa's Development (NEPAD), as emphasis was placed on good governance as a condition for development assistance. This reflected a shift in thinking that Bretton Woods Institutions (BWI) had adopted to value partnership and knowledge transfer as pivotal in the development discourse, specifically for sub-Saharan Africa. The peer review mechanism was an added component that highlighted the relevance of governance and cross-country accountability. However, African scholars like Jimi Adesina, in *Africa and Development Challenges in the New Millennium* (2006), vehemently oppose NEPAD's approach. In Adesina's views, NEPAD still sacrifices a developmental perspective to a policy that, in accordance with Western prescriptions, prioritises living up to the expectations of prospective Northern donors. He further argues that NEPAD was based on the presumption that only in this way can resources be mobilised for the ambitious targets that had been set, and which are rather uncontroversial as such, given the enormous socio-economic crisis the continent is still confronting.<sup>19</sup>

On the wider spectrum, Ake suggested that 'Africa requires somewhat more than the crude variety of liberal democracy that is being foisted on it, and even more than the impoverished liberal democracy that prevails in the industrialized countries'.<sup>20</sup> He proposed intense democratisation coupled with political decentralisation as the only viable alternative to transform agrarian African states into economic powerhouses. These scholars concur with what Stiglitz later articulated in his thesis *Globalization and its Discontents*, suggesting that economic globalisation has been uneven, and to a large extent reproduced inequalities.<sup>21</sup>

### **Mozambique, from whence it comes: Colonialism, post-colonial states, civil war, and post-conflict reconstruction**

In 1975 FRELIMO consolidated a national programme that was based on three tenets: modernisation, socialism and nationalism. The political project sought to socially engineer Mozambican society. As several scholars have argued, the establishment of a material and ideological basis for a socialist society became an overall goal,

and emphasis was laid on the role of the state in savings, investment, production and trade.<sup>22</sup> FRELIMO aspired to dismantle the colonial economic structure through rapid industrialisation based on agricultural surplus. However, Finn Tarp and Morten Igel Lau have argued that 'a bloody war and a range of deep-seated structural problems inherited from the colonial era helped to pave the way to economic collapse'.<sup>23</sup> Advances and attacks launched by RENAMO, a rebel movement initially recruited by the Rhodesian government of Ian Smith to destabilise the FRELIMO government, was thus a contributing factor to the moribund economy.

Military expenditure increased, at the expense of radically transforming the inherited colonial economy and meeting development indicators like health care and school enrolment. Economic policies pursued by FRELIMO resulted in further deterioration of the economy. For example, Hans Abrahamsson and Anders Nilsson note that state farming stagnated; despite massive investments, 50% of the land that had been cultivated commercially during the colonial era had not been put to use.<sup>24</sup> This led to the demise of socialist central planning and thus a move towards market capitalism seemed inevitable. Tarp and Igel Lau point out that the ensuing economic policies resulted in the implementation of the Economic Rehabilitation Programme (ERP), a structural adjustment programme launched in 1987 with the assistance of the IMF and the World Bank.<sup>25</sup>

Mozambique's protracted civil war came to an end when the General Peace Agreement was signed in 1992, and Joaquim Chissano was elected President in 1994.<sup>26</sup> In the new dispensation, FRELIMO retained government control, whereas the former rebel movement, RENAMO, became the main opposition party. The transition to democracy in Mozambique was also precipitated by fundamental changes in what many scholars have argued was a benign international political environment. The collapse of Soviet Russia and the demise of apartheid in South Africa removed many of the external economic and political forces that were behind the devastating internal strife of Mozambique during the 1980s.

Twenty years after the war of destabilisation, the peace has held. Mozambique has followed the prescriptions of international donors carefully, and total aid received has risen uninterrupted in the post-conflict phase. The highest recorded was in 2008 when total aid given reached almost \$2 billion. In the same period that impressive growth has been achieved, HIV/AIDS has been on the increase and several discrepancies have been noted in rural poverty trends. Development progress in post-conflict Mozambique thus merits a closer examination.

There certainly has been a great deal of development aid on offer. Jones has argued that, despite a dearth of reliable data regarding the real volume of additional funding that can be attributed to newer donors, there are indications that the volume of new financing may be significant.<sup>27</sup> Figures released in 2007 suggest that Mozambique received \$162 million of PEPFAR (President's Emergency Plan for AIDS Relief) funds from the United States, which was equal to around half the Mozambican health sector's entire 2008 budget.<sup>28</sup> Similarly, \$500 million has been committed by the Millennium Challenge Account for Mozambique over five years from 2008, and commitments from the Global Fund to Fight against AIDS, Tuberculosis and Malaria in 2008 were equal to around \$58 million.<sup>29</sup> The results are at best mixed, and the paper seeks to critically analyse the main assumptions of both donors and the Mozambican government.

Commentators have argued that aid dependency has encouraged rent-seeking behaviour amongst the ruling elite and thus has curtailed Mozambique's sovereignty

in the development process. Castel-Branco's analysis of these developments has led him to label Mozambique as a country that has not owned the development process.<sup>30</sup> Understood in this light, ownership is a useful concept in the articulation of self-reliance as advocated by Pan-Africanist scholars like Amin and Mafeje. Castel-Branco suggests that, in its purest forms, ownership, in the context of aid dependency, means that each aid recipient defines its own political agenda and programme independently of its sources of finance (external aid).<sup>31</sup>

At the same time, new investments in Mozambique are changing the landscape of the nation's political economy. There has been great interest on the part of emerging powers, like China and Brazil, illustrating new trends that are arguably changing geo-strategic relations on the global level. Since 1975 China and Mozambique have signed seven important bilateral treaties, culminating in the 2007 agreement to strengthen bilateral trade and economic relations.<sup>32</sup> After the end of the war, Chinese economic actors such as construction companies and timber merchants were among the first to re-enter the country. Mozambique's natural resources have been under-explored but the landscape has drastically changed. In 2004, for instance, the Brazilian company Vale do Rio Doce won a bid to develop the Moatize coalfield in Tete province, with an expected coal production of 15 million tonnes per year, starting in 2009/2010.<sup>33</sup> In a similar vein, large-scale natural gas production started in 2004 with the exploration of the Pande/Temane gas fields in the Inhambane province by the South African company Sasol, and is expected to grow steadily to approximately 145 000 TJ (terajoule, which is equal to one trillion tonnes) per year.<sup>34</sup> There is evidence to suggest that, as a result of Mozambique's expanding resource economy, there has been a decrease in competitiveness of other tradable sectors caused by real currency appreciation owing to a substantial inflow of foreign exchange, which in turn has an upward effect on prices and wages; a classic example of Dutch Disease?<sup>35</sup> Indeed, many pundits question whether the rapidly growing resource extraction in Mozambique will result in a 'resource curse' under which resources leave the country while the domestic economy stagnates.

In 2008, with \$76.8 million of investments, China became Mozambique's second largest foreign investor following South Africa with \$136 million of investments.<sup>36</sup> Aid, bilateral trade relations and investment in infrastructure by the resource-hungry China in Mozambique will continue to rise unabated, according to South Africa's Centre of Chinese Studies.<sup>37</sup> However, the effects of these investments are at best ambiguous. Several scholars have noted that both foreign direct investment (FDI) and overseas development assistance have a range of motivations, *inter alia*: practising international solidarity, providing global public goods, and to a larger extent, addressing foreign policy concerns.<sup>38</sup>

The analysis so far highlights that success in Mozambique has not been unqualified. Mozambique remains a fragile state, and in looking at development holistically, the question arises as to whether economic growth has been accompanied by equity, as would be demonstrated by improved human development indicators.

### **Mozambique as a development enigma? FDI, economic growth and poverty**

As noted earlier, since the end of the war, economic growth has re-surfaced, averaging 7.5% between 2000 and 2008 (see Figure 1). Growth reached an all-time high of 11.9% in 2001. Annual per person figures have followed suit, as Figure 1 suggests. By 2008–2009, the year of the latest national household survey, the number of

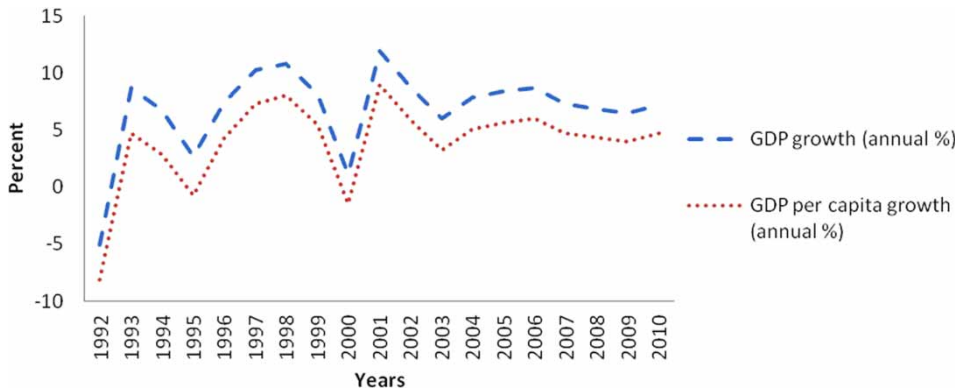


Figure 1. Mozambique’s annual GDP growth and GDP per person (1992–2010).  
 Source: World Bank Data 2012, <http://data.worldbank.org/country/mozambique>, accessed on the 4th of April 2012.

Mozambicans living in absolute poverty had been reduced to 54 from 70% in 1997. Yet Mozambique is ranked as one of the poorest countries in the world according to United Nations Development Programme (UNDP) and World Food Programme (WFP) statistics.<sup>39</sup> In addition, although there has been a positive trend since 1997, the number of poor people has been stagnant the past five years, with a marginal increase of 0.6%.<sup>40</sup> Consequently, the vast majority of the rural population still lives on less than \$1 a day, and lacks basic services such as clean water supplies and access to health facilities and schools.<sup>41</sup> So what is lacking?

The economic picture would appear promising. Steady growth has been a result of the restructuring of state-owned enterprises and government promotion of policies that are conducive to increased levels of FDI. Between 1998 and 2003 FDI net inflow increased by a substantial 36%, with the highest figure of \$381.7 million recorded in 1999. Although there was a decrease in subsequent years (2004–2006), the economy continued to grow, registering an annual gross domestic product (GDP) growth rate of 8% in 2006. Higher levels of economic growth rates have taken place in an environment of higher FDI inflows, as Figure 2 shows. FDI inflows have also been volatile. Between 2003 and 2005 there was a sharp decline. In 2003, total FDI was \$336.7 million. The figure continued to decline: in 2004 and 2005, inflows recorded

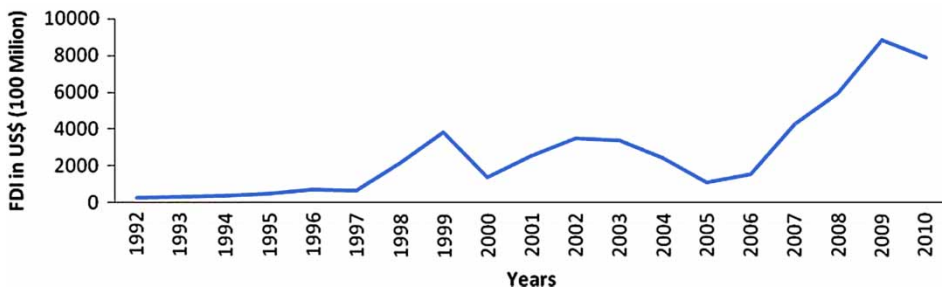


Figure 2. Mozambique’s foreign direct investment-net flows (1992–2010).  
 Source: World Bank Data 2012, <http://data.worldbank.org/country/mozambique>



\$244.7 million and \$107.9 million, respectively. Although there was a small increase in 2006 of \$153.7 million, the figure was still below the inflows recorded in 1999, which stood at \$381.7 million. There was a sharp increase in between 2006 and 2009, with the highest recorded figure in 2009 of \$881.2 when the rest of the world had plunged into a global economic crisis.

Despite an FDI growth-led economy, however, hunger remains a stark fact of life for large numbers of households, even with progress made in recent years toward sustainable food security.

### Mozambique's food security challenge

Mozambique has registered significant changes in food production. Figure 3 illustrates that total cereal production and per person calorie availability from cereals have increased substantially since the end of war in 1992. Forecast production in 1996/1997 was more than double that of 1989/1990 and 25% higher than that of 1995/1996. In the period in which Mozambique experienced the highest levels of economic growth, cereal production simultaneously increased.<sup>42</sup>

The last figure of production recorded in 2009 was at 160,000 metric tonnes. This meant that by 2009 Mozambique produced 136,000 tonnes more than the initial production in 1992 (24,000 metric tonnes). War had disrupted government's expenditures on agricultural production; post-conflict stability had the opposite effect. Overall, Figure 3 illustrates that there was a substantial increase (83%) in cereal production by 2009, ensuring the availability of food in Mozambique.

Figure 3 further illustrates that there was a substantial decrease in food aid received by Mozambique from 921,000 metric tonnes in 1992 to 80,600 metric tonnes in 2006. Between 1992 and 1999 the average food aid received was 288,000 metric tonnes. The trend continued to register a decline between 2000 and 2006. Average food aid received stood at 153,000 metric tonnes in this period. There was a 46.8% decrease in food aid received between the periods 1992–1999 and 2000–2006. While donors and international NGOs provided Mozambique with the needed food aid to avert a humanitarian crisis, the unintended consequence was to make the country reliant on this aid beyond the war years. However, from 2006, Mozambique was set

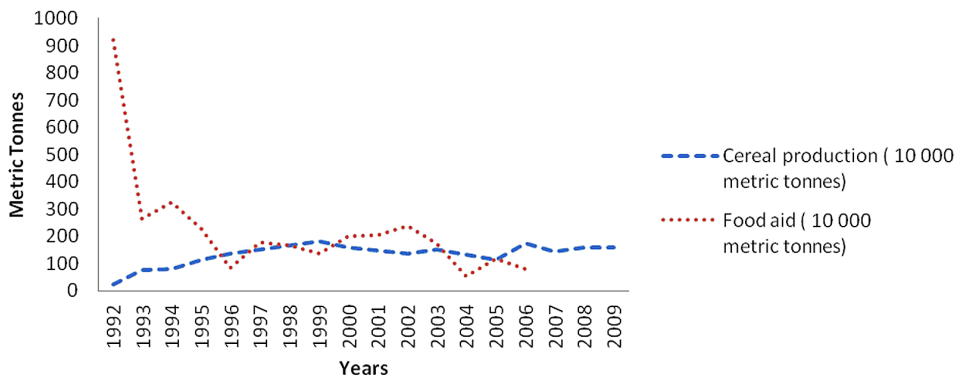


Figure 3. Mozambique's total cereal production and food aid received from 1992 to 2009. Sources: World Bank Data 2012, <http://data.worldbank.org/country/mozambique>; and FAOSTAT Online Statistical Service (2009), <http://faostat.fao.org/>

on a trajectory of reducing food aid. Maputo did so by boosting agricultural production, which subsequently boosted food security in the country. Progress in food security in recent years has been evident in three areas: (1) increasing per person calorie availability in the face of dramatic reductions in food aid; (2) decreasing amounts of food aid received between 1992 and 2006; and (3) development of a food supply system that now provides consumers with a broad range of low-cost staples from which to choose.

However, although food availability has increased, food access — a vital element of food security — has become a problem in Mozambique. As food is increasingly available only through market mechanisms, leaving the poor vulnerable to price shifts, progress in the fight against hunger has stagnated, especially among the rural population. According to the World Food Program 2011 report on Mozambique, of the country's population of 22.4 million people, 70% live in rural areas, where a large proportion are poor, and economic growth has not yet led to significant reductions in poverty and food insecurity.<sup>43</sup> Some 25% of the population suffers from acute food insecurity at some point during the year, and chronic malnutrition in children under five remains alarmingly high at 44%.<sup>44</sup>

Despite government attempts to increase food security through agricultural production strategies, exogenous factors have undermined progress on food security. Among African countries, Mozambique is the third most affected by weather-related hazards — a phenomenon that many put down to climate change brought on by industrialised nations<sup>45</sup> — and deteriorating terms of trade owing to increased international food and fuel prices.<sup>46</sup> Although the third National Poverty Assessment (2010) confirms a positive trend in many areas, the indicator of poverty based on consumption has stagnated at 54% since 2003.<sup>47</sup>

Although there has been significant progress in increasing food production in Mozambique, the relationship between food production, hunger and poverty reduction remains complex. In the medium and long term, food security in Mozambique will increasingly depend not only on improvements in agricultural productivity, but also on improved access to food by the poor, both rural and urban. Despite investments by donors and the government, the country's agricultural research and extension system is exceptionally weak, making the task of improved access even more difficult. As Mozambique strives to increase food production and access, thousands of children remain trapped in poverty. This has meant that both the urban and rural poor have increasingly had to depend on manufactured agricultural products, making them dependent upon markets for the purchase of foodstuffs. The net result of the increased cereal production has not, then, reduced hunger or poverty, it would seem.

### *Health and welfare in postwar Mozambique*

Infant mortality (both under-five and infant) has substantially decreased since the war's end in Mozambique, standing at 135 out of 1000 and 92 out of 1000 in 2010 (see Figure 4); however, it remains high compared with other low-income countries such as Malawi at 71 out of 1000, and other post-conflict societies like Rwanda, at 109 out of 1000 in 2010.<sup>48</sup> At present, Figure 5 suggests that life expectancy in Mozambique has substantially increased for both gender categorisations. Total life expectancy stood at 49.2 years; females were expected to live slightly longer than males at 50 years and 48 years, respectively, in 2010. These figures are due to be

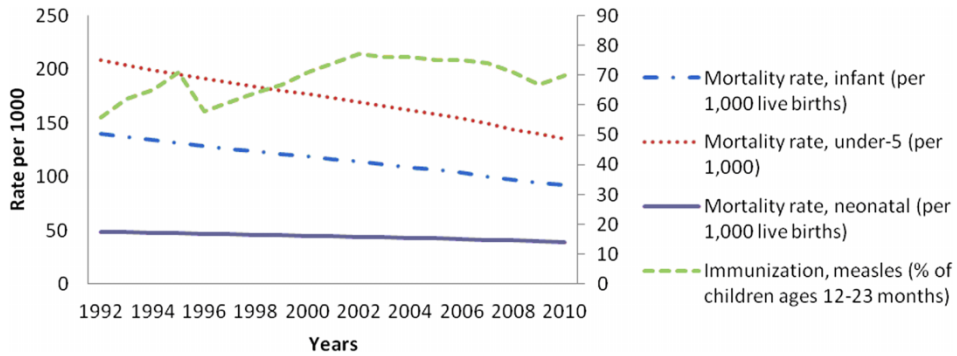


Figure 4. Mozambique's children's health indicators from 1992 to 2010.  
 Source: *World Bank Data 2012*, <http://data.worldbank.org/country/mozambique>

affected by the HIV pandemic, however, as current projections show that, by 2015, the infant mortality rate will be 25% higher, and life expectancy will have declined from 49.2 to 36 years rather than increasing to 50 years as targeted by the Government of Mozambique.<sup>49</sup>

The relationship between hunger and other social indicators, such as health, is important. First, reduced hunger increases learning and lowers levels of malnutrition, which improve human capital and lead to greater economic growth. This means that generations of Mozambican children's cognitive foundation for acquiring future skills and knowledge to address hunger has been undermined. In Mozambique, hunger limits opportunities to learn by reducing attendance in school and making it hard to concentrate. Hunger has also damaged the future capacity of children affected by preventing catch-up growth. Reduced learning at this stage further weakens the foundation for acquiring skills and knowledge to address hunger (i.e. to improve the availability, access and utilisation of nutrients). Furthermore, hunger has also prevented children from acquiring some skills related to nutrition and health (i.e. utilisation of nutrients) that can be applied immediately. Thus hunger feeds the cycle of poverty.

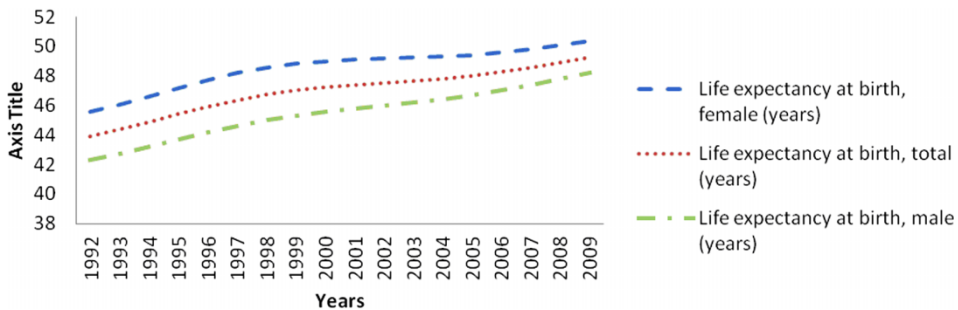


Figure 5. Mozambique's life expectancy (1992–2008).  
 Source: *World Bank Data 2012*, <http://data.worldbank.org/country/mozambique>

### Mozambique's human development

Mozambique's rating according to the UNDP's Human Development Index (HDI) showed a substantial improvement in the early years after the end of the war (see Figure 6) over several categories of this comparative measure of life expectancy, literacy, education, standards of living and quality of life for countries worldwide. Between 1990 and 2010, Mozambique's HDI rose from 0.273 to 0.322 (relative to the 0.943 of Norway, which tops the index). In the initial decade of post-conflict peace settlement between 1990 and 2000, the HDI averaged 0.31 compared with the last figure recorded in 1990, at 0.273. The post-conflict peace settlement provided an impetus for growth and the economic and political stability that was needed for the country to move forward. In almost two decades of post-conflict peace, HDI average growth rose by 22.5%. The highest recorded figure was in 2007, which was 0.402. Mozambique, however, did not improve its position on the global ranking from 2009, and by 2011, the country had slipped even further behind others, standing at 184 on a list of 187 countries.<sup>50</sup> This raises doubts about the post-conflict success story.

One positive outcome of the growing post-conflict political economy, however, was that it provided the impetus for government to raise revenue for social services such as health care and education, and to nurture nascent democratic institutions. As indicated in Figure 7, Mozambique's public health expenditure as a percentage of GDP increased by 15.6% between 2001 and 2006. The highest figure was recorded in 2002, with public health expenditure making up 3.4% of the GDP. Although there was a slight decrease between 2003 and 2005, from 2.9 to 2.7%, World Health Organization data suggest that, between 2003 and 2006, Mozambique's health expenditure per person increased from \$42 to \$56, which is a 33.3% increase.<sup>51</sup> This is evidence to suggest that government spending on health continued to rise. Through the involvement of international aid partners, government spending on health significantly increased compared with the war period. There was a small decrease in percentage spending between 2005 and 2008. The last recorded figure was 4.1% in 2009, which was close to the 2002 figure.

It would seem that, despite increased spending on public health, spending across the population was uneven, if other indicators are taken into account such as the incidence of diseases of poverty such as tuberculosis (TB), malaria and HIV/AIDS.

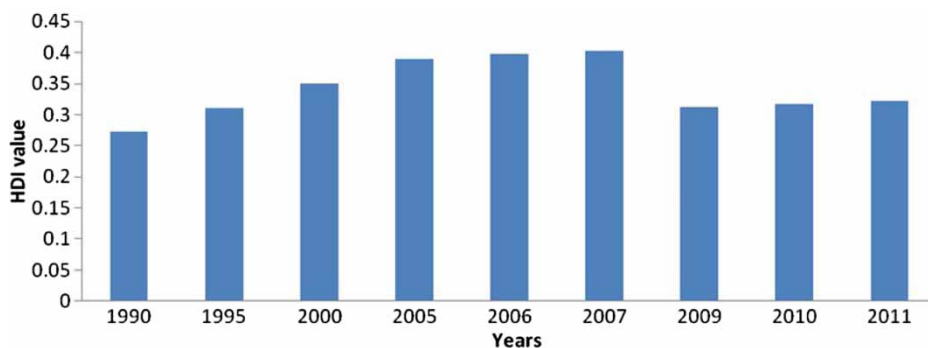


Figure 6. Mozambique's Human Development Index (1990–2011).

Source: *Human Development Report 2011*, <http://hdr.undp.org/en/reports/global/hdr2011/>

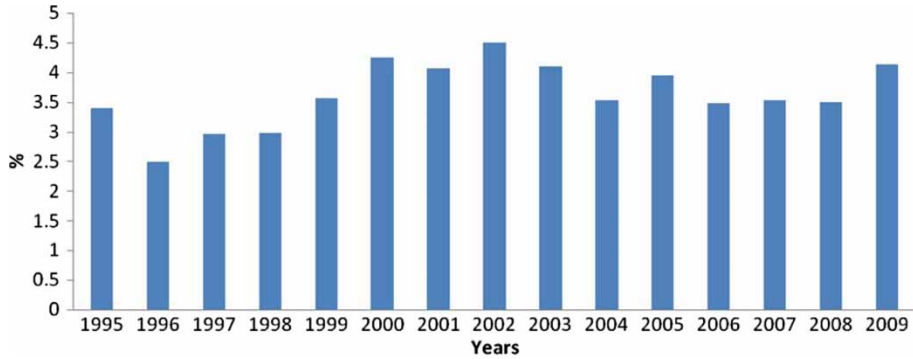


Figure 7. Mozambique's public health expenditure as a percentage of GDP (1995–2009).  
 Source: *World Bank Data 2012*, <http://data.worldbank.org/country/mozambique>

Figure 8 illustrates that average TB incidence rates between 1992 and 2010 stood at 435 000 cases. There were 436 000 reported cases of TB when peace was brokered in 1992, and this figure substantially rose each year with the highest numbers of cases reported in 2008 and 2009, recording 539 000 and 544 000, respectively. Although there was a minimal stabilisation from 2000 to 2004, there were 544 000 estimated new TB cases in Mozambique in 2010. It is of concern to note that the years that witnessed a slight increase in public health expenditure as a percentage of GDP (2002 and 2009) also showed the highest numbers of TB incidence rates at 515 000 and 544 000, respectively. Of importance in this analysis, however, is the fact that there has also been an improvement in reporting data on TB infections over this period.

Figure 9 illustrates the escalation of Mozambique's reported malaria cases. The graph illustrates that there were 12 794 cases of malaria reported in 1996. There was a big increase by 1998, when 194 024 cases were reported, but the figure was still well below 1 million cases. Between 1999 and 2002 the average number of malaria cases reported jumped to 3 538 825. There was a substantial increase between 2003 and 2007 of 23%; figures soared from 4 863 406 in 2003 to 6 327 916 in 2007. The average number of reported malaria cases between 2000 and 2007, was 5 106 629. The highest number recorded in this period was 6 335 757, in 2006. Figure 8 illustrates that there has been no decrease, which arguably can be attributed to continued poverty and

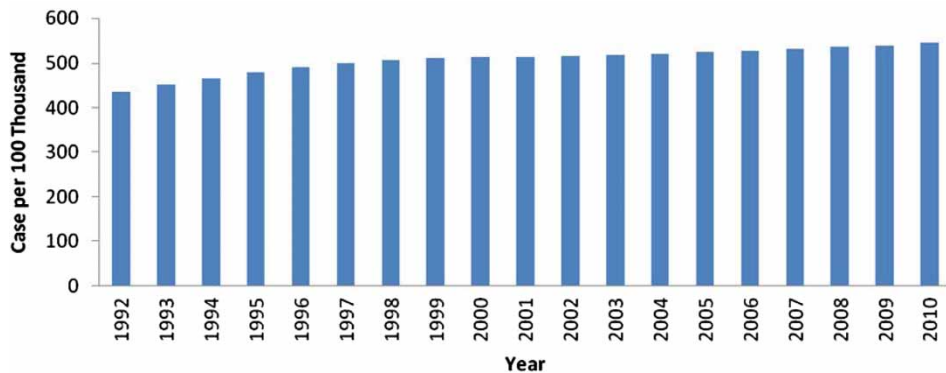


Figure 8. Mozambique's tuberculosis incidence rate (1992–2010).  
 Source: *World Bank Data 2012*, <http://data.worldbank.org/country/mozambique>

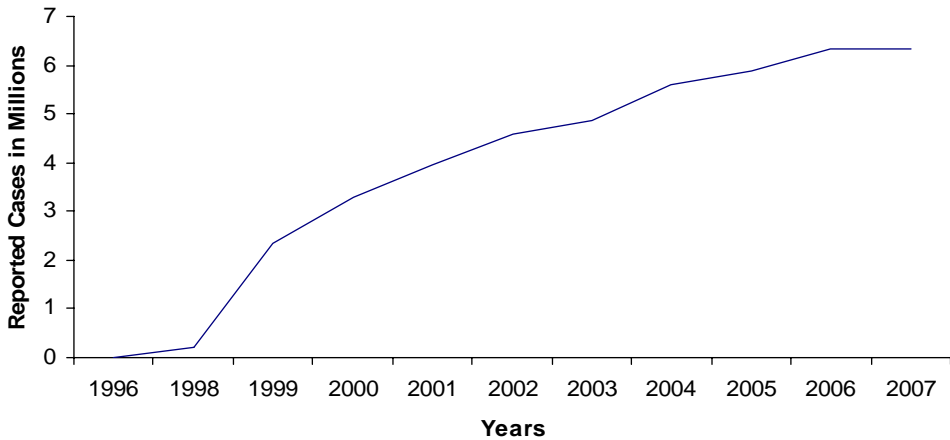


Figure 9. Mozambique's reported malaria cases (1996–2007).  
 Source: *Global Health Atlas 2009*, <http://www.who.int/globalatlas/>

inadequate health care facilities. Both UN agencies and government sources indicate that, together, malaria and TB comprise the number one cause of death for both rural and urban poor in Mozambique.<sup>52</sup> Despite an increase in public health expenditure and health-related aid, Mozambique's public health system remains unable to deal with these two pandemics.<sup>53</sup>

It is estimated that, in 2005, there was an HIV/AIDS adult prevalence rate of 12% and 510 000 children were orphaned, as illustrated by Figure 10. Although the last recorded number in 2007 shows a reduction to 400 000, the burden of orphans is a reality. Mozambique is among the 10 sub-Saharan African countries that have been hardest hit by HIV/AIDS. The demographic, social and economic consequences of AIDS are of major concern. Before parents die, their children are forced to bear the economic brunt as household expenditure is mainly targeted at meeting health care needs. Once orphans, the children will most likely drop out of school and face the social stigma that is associated with the pandemic. In addition to lack of health care,

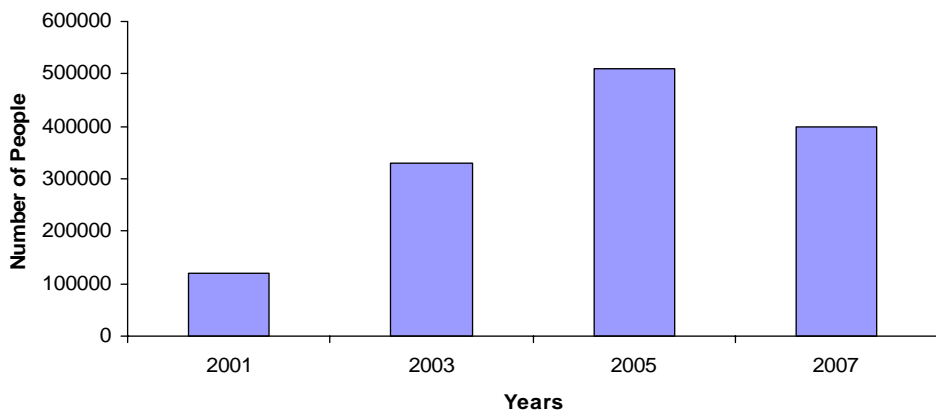


Figure 10. Mozambique's orphans owing to HIV/AIDS (2001–2007).  
 Source: World Resources Institute, <http://www.wri.org/project/earthtrends/> (date accessed 27 June 2011).

most orphaned children are in danger of malnutrition and illness, as well as economic exploitation. Their poverty is deepened by the fact that HIV/AIDS costs the economy an estimated 1% of GDP growth per year.<sup>54</sup>

In Mozambique, HIV is the main reason for failure to meet TB control targets in high-HIV settings. TB is a major cause of death among people living with HIV/AIDS. Despite an increase in public health expenditure in Mozambique, the government has not effectively managed the outbreak of this dual killer. There is an important link when malaria is added to the equation, as all three require a substantial decrease of poverty if liveable social environments are to be created. Joint TB/HIV activities have the objective of creating a mechanism of collaboration between TB and HIV/AIDS programmes, reducing the burden of TB among people living with HIV/AIDS and reducing the burden of HIV among TB patients, and thereby the number of orphans and vulnerable children. The Mozambique National Human Development Report has noted that there have been massive movements of people, with the return of refugees and the resettlement of internally displaced people. Accompanying this trend has been a rapid increase in HIV infections and AIDS sufferers, yet no surveillance systems or appropriate and directed prevention campaigns are in place. Deaths owing to HIV/AIDS and other disease have led to an increased number of orphans and vulnerable children. Socially, the tension is further exacerbated as the pandemic has affected thousands from among the actively working population (both men and women), depleting labour that is required to build the economy.

A post-conflict success story would surely have included the ability to mitigate the reality of rural hunger and deadly epidemics, such as malaria, TB and HIV/AIDS, which have altered Mozambique's social structure.

### **Poverty and economic development**

Mozambique, as noted earlier, has received large amounts of financial aid. Figure 11 illustrates total aid given by the Development Assistance Committee of the OECD countries. The graph points to the likelihood that Mozambique has been aid-dependent since 1992, as aid levels have only continued to rise overall, with an increase of 38% between 1992 and 2008. In 1992 developed countries contributed \$797.52 million, whereas, in 2008, the figure stood at \$1.3 billion. The highest figure was recorded in 2002 when total aid given by countries of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD-DAC) reached \$1.5 billion. Immediately after this, there was a decrease of almost 30%; however, the levels have continued to rise since then.

Between 1992 and 1999, almost a decade after the General Peace Agreement was signed, total average aid given to Mozambique stood at \$1.364 billion per year. In what would be considered as the second generation of political and economic reforms during 2000 to 2008, average total aid given to Mozambique stood at \$1.54 billion per year, an increase of 11.2%. In 2008, Mozambique recorded total overseas development assistance of \$1.9 billion, an all-time high, substantiating the view that the country had structurally become dependent on aid, that is, aid had become mandatory to Mozambique's economic growth and sustenance of social programmes. Multilateral institutions such as the World Bank and the AfDB have become major development financiers in Mozambique, providing an environment conducive to multilateral loans and grants. On this basis, it is reasonable to conclude

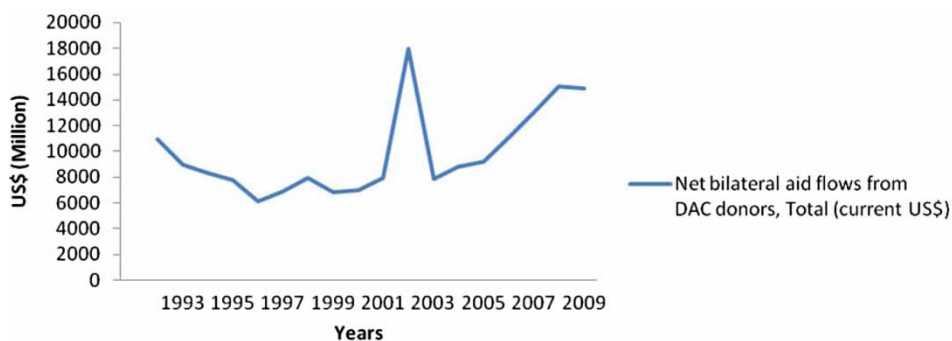


Figure 11. Official Development Assistance to Mozambique from 1992 to 2009.

Source: *World Bank Data 2012*, <http://data.worldbank.org/country/mozambique>

that, owing to this aid-dependency, the trajectory of post-conflict economic reforms in Mozambique has been managed by international stakeholders.

Because of this dependency, the Mozambican state lacks the bargaining power to channel aid into agricultural transformation and to embark on an economic revolution that would run contrary to a market society. Self-reliant economies are better placed to chart a new developmental path. Efforts by international financial institutions, albeit with good intentions, have debilitated a transformation of the economy. Aid needs to be targeted towards programmes that stimulate social entrepreneurship and government capacity to promote political stability.

In past years, prudent monetary and fiscal policies have stabilised the economy. The reviews under the three-year Poverty Reduction Growth Facility approved by the IMF in July 2004 were favourable. As the AfDB noted: 'Reporting and management of expenditure ... improved considerably and the tax base ... broadened, increasing fiscal revenues to 13.8% of GDP, in 2005'.<sup>55</sup> The fiscal deficit (including grants) for 2005 was estimated at 5.6% of GDP, just under the 6% target. Nevertheless, additional efforts to mobilise tax revenues in order to reduce dependence on foreign aid were needed. Gross national savings averaged 7% of GDP between 2003 and 2005, while the average annual gross investment rate was 23% of GDP, with the gap being financed by foreign savings including grants.

Overall, it is expected that the economy will grow at an annual rate of 5% (subject to change owing to further global financial ructions) in the next few years. Higher GDP targets of 7 or 8% can be met if, in addition to sound macroeconomic and public finance management, crucial restructuring operations (namely, the second 'wave' of reforms and infrastructure investments) are carried out. These are essential in order to improve the business environment and thus promote private sector development that drives economic growth. If these growth projections are observed and the inequality indexes remain at historical levels, the poverty level will decrease to 31% in 2015. However, Mozambique will be an economy in which growth is taking place in tandem with income and social inequalities, which masks the projections that human resource indicators will improve, or the Millennium Development Goals reached, by 2015.



### Governance challenges to development

Even as the economic picture is less rosy than initial impressions lead one to believe, there are also challenges of governance. Politically, Mozambique may appear a picture of democratic stability and progress; however, there are questions regarding the present political system that have a bearing on Mozambique's development trajectory. When in 2001 Joaquim Chissano announced that he would not stand for a third term in the next presidential election, although the constitution would have allowed it, Mozambique seemed to be going against the norm in Africa and allowing for an open and democratic change of leadership. FRELIMO, however, maintained control of the presidency when its candidate, Armando Guebuza, was victorious in the 2004 presidential election; he was re-elected with 75% of the vote in 2009. Allegations of corruption and nepotism have arisen, however.<sup>56</sup> As noted by Alden:<sup>57</sup>

Mozambique remains in certain crucial respects an unconsolidated democracy built upon a fragile economic base. FRELIMO has had an unbroken hold of the levers of power for thirty years, though since 1994 through the ballot box (and with manipulation where necessary) thus disallowing the possibility of opposition challenges in the management of the country's affairs.

It is now recognised that the holding of elections is not synonymous with democratic consolidation.<sup>58</sup> It can be argued that public participation in the political process goes far beyond voting every few years, and on the other hand that liberal democracy is insufficient to deal with the governance weaknesses and structural legacies with which Mozambique is burdened. Mozambique has, it is posited, become a 'managed democracy'. It is a term that political scientists have used to understand the authoritarian regimes in Indonesia under Suharto; the South Korean developmental state that, while repressing labour laws and human rights, oversaw economic resurgence; South Africa under the African National Congress; and, especially, Putin's Russia.<sup>59</sup> According to Fiona Forde, who cites Nikolay Petrov, managed democracies feature a strong presidency with weak institutions; state control of the media; control over elections allowing elites to delegitimise their decisions; visible short-term effectiveness and long-term inefficiency.<sup>60</sup> In a managed democracy there is a huge dissonance between the theoretical underpinnings of a democratic society on paper and the rhetoric of social change that is supposed to safeguard citizens' rights, promote social justice, tolerance, pluralism and equality. A 'managed democracy' like Mozambique is corrosive as it purports an illusory equality that disenfranchises the poor and the masses, leading to an 'unstable stability'.

FRELIMO has maintained an iron grip on the succession battles within party structures, ensuring that the ruling politburo retains control of political and economic capital, and policy initiatives and dialogue inside. Benedito Cunguara and Joseph Hanlon suggest that FRELIMO and the ruling oligarchs have strategically positioned themselves to benefit from the drivers of growth like FDI and even donors' promotion of the Mozambican 'success story', thereby maintaining a parasitic relationship that feeds corruption, nepotism, clientelism and abuse of public funds.<sup>61</sup> President Guebuza, according to recent reports, for instance, 'has wide-ranging interests in the banking, telecommunications, fisheries, transport, mining and property sectors'.<sup>62</sup> Hanlon further argues that 'good governance' is presently seen as opening Mozambique to transnational corporations, which has the

effect of undercutting domestic capital, an important element in the success of the 'Asian Tigers'.<sup>63</sup>

In Mozambique, democratic consolidation has left unanswered questions for local observers and international policymakers alike. Surely what is needed at this point, this author would argue, is a 'social democracy', by which is meant a government that is committed to justice and fairness and an emphasis on addressing polarised social conditions such as lack of housing, access to health care and rural poverty, and is also informed by a suspicion of authoritarian government or *laissez faire* capitalism.

Portuguese colonial rule left a legacy of blight and neglect for Mozambican citizens, as they were treated as subjects and subservient to the interests of empire. This void was filled by the political manoeuvring of the FRELIMO party, especially under the leadership of Samora Machel. Although there was consensus to fight Portugal's grip on power, which led to the forging of nationhood before statehood, the contestations that are found in virtually all African states surfaced, leading to the conflict itself. Thus, the democratic socialist revolution was not given a chance to flourish, as it faced internal and external threats. Eventually, market fundamentalism, as an alternative to socialist progress, created a myth of progress and change, which reverberates in Mozambique's post-conflict phase. Mozambique's contestations and negotiations in charting its developmental path may be seen in the experience of many African countries. The challenge, as has been argued by Elicio Macamo,<sup>64</sup> is that:

[t]he claim that development is desirable in Africa because the continent lacks development is circular in nature. Since dire political, social, and economic conditions describe the condition of nondevelopment, doing away with them does not explain why Africa should develop, but rather restates the problem. The practice of development aid, however, has shown that the real explanation for the development claim is not the nondevelopment of Africa. It is rather geopolitical and strategic interests pursued by those who provide aid. The question which African countries have to address is whether such interests are consistent with their own nation-building efforts.

### Three important observations for going forward

Despite the fact that Mozambique has registered phenomenal growth levels in the post-conflict years, it is important to look beneath these figures to assess the 'success' of its economy. In that regard, there are three major findings that this paper has noted.

The first relates to the fact of economic growth, which has continued to rise as a result of investments in new drivers of growth like mining, gas exploration and services. However, analytical questions about what encompasses growth need to be carefully looked at. Under the auspices of international stakeholders such as the World Bank and the IMF, and in view of interest from several quarters — the United States, the UK, Portugal, China and Brazil — Mozambique has been able to create a favourable environment in which desperately needed capital can finance development. However, notably missing has been investment in food security in its fullest sense and the eradication of poverty, hunger and disease. For instance, although Mozambique's cereal production has increased in the post-conflict years, this masks high levels of hunger and malnutrition that are prevalent in both the urban and rural areas of Mozambique. Hunger reduction not only remains an important social issue but is fundamental to the economic performance and progress of this economy.

Indeed, investment in agricultural production could potentially reduce the risks of a humanitarian crisis following the natural disasters that have frequently struck this country.

Secondly, despite an average economic growth rate of 7–8% between 2000 and 2012, Mozambique continues to be an aid-dependent economy. Mozambique's post-conflict political economy is thus influenced strongly by powerful international stakeholders and private venture capital. This weakens the state apparatus to chart a developmental path that is indigenous.

Thirdly, despite an increase in public health expenditure and public health per person, malaria, tuberculosis and HIV/AIDS have increased in incidence and burdened the post-conflict state, altering the social structure. Although multilateral and unilateral donors have remained committed to the development project and a renewed interest to give aid towards the reduction of both malaria and tuberculosis,<sup>65</sup> this article has observed that Mozambique's incidence rates of both epidemics have continued to rise. The two diseases remain the number one causes of death in both adults and children, in both urban and rural areas.

Mozambique represents a confluence of different strains of political thought and traditions that have shaped this country and, specifically, the trajectory of the post-conflict state itself. Historically, Mozambique had been a battleground between the socialist and capitalist blocs, with market fundamentalism and democratisation emerging as victors, especially in the post-Cold War era. Although Mozambique stands out as a unique case, given its tumultuous historical past, this narrative helps to explain the trajectory that many African countries have followed. Neo-liberal claims of phenomenal success by Mozambique's major donors remain suspicious. Since the 1980s, total aid given by OECD countries and bilateral and multilateral lending has increased. Given that reality, Mozambique has become an aid-dependent economy.

### **Africa's turn**

Throughout the 20<sup>th</sup> century and at the beginning of the 21<sup>st</sup> century, there have been myriad debates on development progress and change. Various questions have been asked about the nature of development and the necessary conditions that foster developmental processes. This paper has suggested that the status quo of global development needs to be questioned. If development is to be understood in Africa, then Africans need to formulate a post-colonial idea of development. Policy and institutional reforms that are not developed indigenously fail to mobilise social change and raise a critical mass of support. What is desperately needed in Mozambique and the continent is a new developmental model that takes into account Africa's contextual realities. However, reverting to the central theoretical framework of this paper, both Ake and Mafeje saw beyond the constraints of the liberal international regime that was incapable of change. The need for contestation by a new generation of African leaders is further expressed by the first African UN Secretary General.<sup>66</sup>

The neoliberal globalization paradigm that has spread across the world has also invaded the UN. It has steadily undermined the organisation's development mission, and its role in questioning and trying to address what developing countries consider to be an unjust and inequitable world economic order. Power and action have shifted to the BWIs and

the World Trade Organisation (WTO). These are organizations in which democratic values do not count for much in decision policy-making. The underlying objective of these institutions is to support the status quo, not to be critical of it.

Ideas of self-reliance espoused by Ake and Mafeje are dismissed and sidelined as a dead socialist project in neo-liberal debates. These ideals, however, are rooted in the unyielding beliefs that societies are capable of change. These ideals have also found frequent expression from Pan-Africanist scholars, such as Samir Amin, who has vehemently argued that an alternative development can only occur when the global political order has been changed. Cognisant of the importance of institutional reforms, he also notes that reform should be accompanied by a heightened political role of the UN. However, Amin differs from most theorists, as he suggests that<sup>67</sup>

[t]he deployment of revolutionary development demands deep political changes in every part of the world, the replacement of existing hegemonic social alliances (based on the domination comprador capitalism in the peripheries of the South and now the East) with different social alliances based on the hegemony of labour and the popular classes.

Any attempt to chart the way forward through the development impasse that Africa faces must first deconstruct the current assumptions underpinning the discourse on development. It must take cognisance of global governance reforms which speak to the realities of a political crisis of the whole continent of Africa, including the citizens of Mozambique.

### **Conclusion**

The paper has explored the question of whether Mozambique's post-conflict political economy is 'Africa's success story' of post-conflict reconstruction. Although there have been notable achievements, claims of phenomenal success by Mozambique's major donors remain suspicious in view of the lack of progress on many HDI indicators. Mozambique has become an aid-dependent economy. The return of peace also signified the stabilisation of society and families. This has led to flexible movements between urban and rural dwellers, and the reunion of families that were not in contact during the war. However, flexible movements have also led to the transmission of HIV/AIDS and thereby an increase in the number of orphans and vulnerable children. Despite an increase of development aid to combat TB, malaria and HIV/AIDS by donors, state structures are unable to deal with the pandemic. This analysis helps us to understand that Mozambique's contestations and negotiations in charting its developmental path represent an experience that many African countries have also had to negotiate, and pose a challenge to the status quo of global development. For development to truly succeed in Mozambique, Africans must formulate a post-colonial discourse of development.

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### Note on contributor

Madalitso Phiri is a Researcher at the Human Sciences Research Council's Centre for Science, Technology and Innovation Indicators Unit, Cape Town, South Africa. He is also part of the Federalism and Inequality in the Global South Project, an initiative supported by Brown University's Alumni Network, which is committed to building emerging scholars in the Global South.

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