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Long-term National Visions and Development Strategies  
and Their Links to Poverty Alleviation: The Case of  
Mozambique

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Roger D. Norton

## 1. Introduction

In the past few decades Mozambique has endured extraordinary trials. Its colonial experience did not leave its citizenry sufficiently prepared to take over the country's leadership, and after the struggle for independence it suffered a harsh civil war. In spite of this difficult history, Mozambique has emerged as a remarkable example for other developing countries in two key respects: healing the wounds of civil conflict and forging a stable society, and promoting rapid economic growth. Over the past ten years it has had one of the highest economic growth rates in the developing world.

A decade's growth from an initially low economic base only begins to address the afflictions of underdevelopment. In Mozambique's case, two principal and continuing concerns are that the distribution of the benefits of growth appears to be quite unequal and the mechanisms of good governance need strengthening. The distributional issue has both an economic and a geographical dimension. In economic terms, the 1996/97 National Poverty Assessment found that 69.4% of the population lived below the poverty line (defined as food intake equivalent to 2,150 calories per day plus a modest amount of expenditure on non-food essentials).

This poverty estimate was higher for rural areas (71.2%) than for urban areas (62.0%), and it reached very high levels in some provinces (87.9% in Sofala, 82.6% in Inhambane, 82.3% in Tete).<sup>1</sup> It has been pointed out that the period of more rapid economic growth in Mozambique began in the mid-1990s and has continued to the present day, so it is likely that these rates of poverty would be somewhat lower if measured now.<sup>2</sup> Nevertheless, it is widely commented that Mozambique's economy has evolved marked enclave characteristics, with most of the investment and growth occurring in the region of the capital city and in a few capital-intensive industries. This type of growth

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<sup>1</sup> These data may be found in Republic of Mozambique, *Action Plan for the Reduction of Absolute Poverty (2001-2005) – PARPA*, translated from the original in Portuguese, Maputo, approved in April, 2001, pp. 13-14.

<sup>2</sup> During the drafting of this report, the government released the results of the latest household survey carried out by the National Institute of Statistics. It shows a fall in the percentage of those living on less than US\$1 per day from 37.9% in 1996/1997 to 20.3% in 2002/2003. However, by the measure used in the Poverty Assessment the rate of poverty would be higher.

does not reduce poverty as rapidly as growth based on more labor-intensive sectors.

In order to move forward in the great task of consolidating the nation and developing a shared vision of national destiny, in 1998 the Head of State launched a nation-wide initiative of reflection on the country's strengths and challenges and appropriate paths for development, in order to craft a national agenda for the period to 2025. The participation of civil society was strengthened in June of 2001 when the Committee of Counselors of Agenda 2025 was formally constituted and assumed the leadership of the effort. The distributional and governance concerns were two main motivations for the decision of civil society to become actively involved in the development of a strategic vision.

Agenda 2025 carried out local consultations with representatives from almost all districts of the country, convened provincial representatives, and established national task forces to develop draft statements for each topic in the vision statement. After a thorough process of research, review and discussion, Agenda 2025 published a draft of its *National Vision and Strategies (Visão e Estratégias da Nação)* in June 2003 which was submitted to the country for further national debate. The final version was completed and then in December 2004 submitted to the Mozambican Parliament where it was approved unanimously by all political parties represented in the House.

During this time the Government of Mozambique was formulating its plans for reducing poverty nation-wide, starting with the *Lines of Action for Eradication of Absolute Poverty* in 1999. These plans were refined and integrated into the above-mentioned *Action Plan for the Reduction of Absolute Poverty (2001–2005) –PARPA*, issued in April of 2001 and presented to international development agencies (hereafter referred to as the PARPA).

The main thrust of the *National Vision and Strategies* is the achievement of widely shared economic growth and improvements in living conditions throughout the country. In a broad sense one of its defining themes is poverty alleviation, expressed in several facets of the central theme of developing the country's human capital. Accordingly, it provides a comprehensive framework in which actions plans for poverty alleviation can be developed, implemented and monitored. In the words of the *Agenda 2025 -National Vision and Strategies*, "The general outline of the Agenda 2025 is predicated on the fight against poverty, and it may therefore be integrated into both the PARPA and into other Government plans" (p. 88).

The purpose of the present study is to review the main strategic orientations of the Agenda 2025 document and identify points of commonality and differences with respect to the PARPA, and on that basis make suggestions as to how the work of Agenda 2025 could be utilized to strengthen policies for

poverty reduction. Formal opportunities to revise national programs and plans will present themselves at regular intervals. As noted in the PARPA (p. 9), both the Economic and Social Plan and the State Budget are annual policy instruments, and the public investment program is formulated at three-year intervals. Strategic plans at the sectoral and provincial level are developed at three- to five-year intervals, and it is anticipated that the PARPA itself will be revised every five years.

The parallel development of a national vision and strategy and a PRSP (PARPA) has raised, in more than one country, the question of how they are coordinated. Since a national vision and strategy is inherently a more comprehensive document than a PRSP, in the best of worlds the former would be developed first, in a participatory way, and then the PRSP would be derived from it, as an action plan for those policies and programs that have a strong bearing on poverty levels. However, donor exigencies often have required that a PRSP be developed in more or less the same time frame as a strategy, or even prior to it.

In The Gambia this issue arose and the government decided that the national strategy document (SPA II), formulated on the basis of several participatory processes, would be the principal guide to policies, rather than the PRSP.<sup>3</sup> The International Monetary Fund and World Bank have recognized this issue: "in some countries, there has been uncertainty about how the PRSP exercise should be related to previously established government planning or strategy exercises. In the best of circumstances, PRSPs are emerging from prior work on national strategies. . . ."<sup>4</sup>

When the sequence of producing the documents is reversed from the logical order, the potential exists to revise a PRSP to take into account the recommendations of a participatory strategy. Indeed, the very first page of chapter 1 of *National Vision and Strategies* stresses the importance of proper coordination between it and the PARPA, as an "unequaled opportunity to re-launch the development of the country." However, as of mid-2003 the reports of the International Monetary Fund and the World Bank on the implementation of the PARPA had not yet made any mention of coordination with Agenda 2025. Efforts are needed to prepare the way for relating the two efforts in their implementation phases.

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<sup>3</sup> Abdou Touray, "The Gambian Experience in Participatory Processes in Poverty Reduction Efforts," paper delivered at the workshop *Voices and Choices at the Macro Level: Participation in Country-Owned Poverty Reduction Strategies*, The World Bank, Washington, D. C., April 3-5, 2001, p. 2.

<sup>4</sup> International Monetary Fund and the World Bank, "Review of the PRSP Experience: An Issues Paper for the January 2002 Conference," Washington, D. C., January 7, 2002, p. 22.

## 2. The Role of Participatory Strategies

### 2.1. *Defining National Strategic Choices*

In the past, formulation of national economic strategies was a highly centralized activity in all countries, carried out by principal economic ministries in a government and even by Presidential secretariats. In recent years the process of developing them has become more open and consultative and in some cases has involved considerable citizen participation.

A traditional rationale for articulating long-term development strategies in low-income countries has been that resources are scarce and therefore need to be allocated wisely. Over time, as the efficiency of market forces has come to be more fully appreciated, this rationale has been narrowed to apply to public sector resources only and to the need to define priorities for their allocation. At the heart of the justification for a strategy is the notion that fundamental economic choices exist, that there is more than one alternative growth path for a country. A classical tradeoff has concerned the choice between “social” expenditures (health, education, housing, etc.) and investments in directly productive infrastructure (in the fields of transportation, irrigation, energy, and communications, for example). Another domain of choice is the growth-stabilization axis. While stability in the sense of low or moderate inflation tends to favor investment and therefore promote growth, choices exist in regard to the path to achieving stability over time, and they have different implications for real growth of the economy.

National choices also can include the extent to which production is oriented to the export market, the degree of diversification of the national production pattern, the employment-intensity of growth, and the degree to which the natural environment is exploited for short-term economic gain. Another basic choice in developing a strategic vision, though it is not always made explicit, is the extent to which institutional and policy reform should be emphasized, as opposed to concentrating on public expenditure plans under the existing institutional and policy framework.

The coverage of strategies has been gradually broadened beyond macroeconomic issues so that now it is more likely to include topics such as institutional reform, decentralization, governance, and policies for gender and youth, and concrete choices often are analyzed within each of those areas. In addition, there tends to be more emphasis today on sectoral policies as well as macro policies.

Strategies increasingly are seen as guidelines for resource allocation at both macro and sectoral levels, and as consistency frameworks for development policies. In some cases, the formulation of a national vision or strategy also

represents an opportunity to articulate a country's own priorities and its preferred style of growth, rather than leaving national policy to be defined implicitly by the sum of international donors' priorities.

When a strategy is presented as a distillation of national priorities, the question naturally arises of which groups or interests in the country it most clearly represents. Anticipating this question, some countries have made the participation in the strategy's formulation as widespread as possible. Equally, participation can be deepened by involving participants in the drafting of the strategy document, and not only consulting them on drafts prepared beforehand by small groups of technical experts.

Mozambique has been a leader in both senses of enhancing participation -making it wide and deep. Agenda 2025 has made consultations throughout the country, sometimes in remote and difficult-to-reach locations, to distill the main concerns of the citizens, and it has involved many leading Mozambicans in drafting the *National Vision and Strategies*. Furthermore, it has included representatives of all political parties in the process, as well as a particularly strong representation of provinces outside Maputo.

Agenda 2025 also has combined the efforts of sculpting a national strategic vision for the future of the country and of formulating principal elements of a policy framework that would facilitate the realization of the vision for the future. A vision for the country that is widely shared in society can assist the process of strengthening national unity and help define parameters for political debate over national policy choices. At the same time, the farther the vision document goes in outlining needed policy reforms, the greater the support it provides for the realization of the vision.

It should be recognized that a participatory process of strategy formulation is based on very different premises from those that underpin traditional economic planning and policy making. The latter treat national development issues as essentially technical questions, to be resolved through the application of technocratic skills. They do not attempt to involve the public in the process. The reasons for excluding the public are not always clear or stated explicitly, but sometimes it is argued that a participatory process takes too long, and sometimes that the broader public would not understand technical economic issues. Occasionally there is a fear that the public would generally oppose some proposed reforms if the process were opened to them, but it is felt that the reforms should be carried out anyway because in the longer run they will benefit the nation.

Although sound technical economic judgments are needed in many areas of policy reform, it is clear there has been an element of paternalism in the traditional approach to economic policy making, and that it has been present in international institutions as well as governments. In recent years, these



institutions and governments have moving toward greater openness and participation in policy formulation processes. The premises for the new approach are that citizens are capable of understanding technical choices if presented properly, and that the citizenry should be allowed an opportunity to weigh the costs and benefits, short-run and long-run, of the options under consideration. Another principal motivation for the new orientation is the recognition that proposed policy reforms have a better chance of being adopted and implemented if they enjoy the support of the public. Furthermore, technical judgments should be evaluated by local actors intimately familiar with a country's social and institutional context so that the most appropriate routes to reform can be fashioned. Finally, making policy formulation more participatory has the potential of strengthening democratic channels of accountability and empowerment.

The possibilities of successfully carrying out a participatory process of visioning and strategy formulation and implementation depend in part on a country's history and social characteristics. As The World Bank noted for Burkino Faso, "[participatory principles] are embedded in the country's sociological and cultural values."<sup>5</sup> Nevertheless, international development agencies can do a great deal to further genuinely participatory efforts, mainly by insisting on them as a condition for their support.

## ***2.2. Potential Contributions of Participatory Strategies***

In addition to the prospect of generating broader backing for policy reforms, how can long-term national visions and strategies, particularly those that are formulated in a participatory manner, improve a country's medium-term development plans and enhance their results?

The answer necessarily varies from country to country. In the case of Guyana, helping overcome the country's acute racial divisions was a principal motivation for a participatory strategy:

This strategy has been informed by two basic considerations. First, that we could considerably assist in removing the scourge of racism from our land, if we developed and put into practice inclusive systems of governance in which all would feel that they have a stake, in which all would know that they are involved, and in which there were established both procedures and penalties to ensure transparency and accountability. Second, that a considerable degree of harmony would

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<sup>5</sup> The World Bank, *Toward Country-Led Development, A Multi-Partner Evaluation of the Comprehensive Development Framework: Findings from Six Country Case Studies*, Washington, D. C., 2003, p. 33.

prevail in our country if we were able to formulate and implement social and economic policies which would lead not only to significant economic growth, but also to the widest distribution of the benefits of such growth among the population, no matter in what district they are located, and to what racial group they belong.<sup>6</sup>

In Estonia, which was emerging from a central planning regime, the opening pages of a national agricultural strategy listed as a principal objective “to extend the number of specialists involved with the strategy remarkably, including discussion of the whole [sectoral] potential with officials and interest groups in the field.” From a sectoral viewpoint, the strategy stated,

Estonia’s deep commitment to restructuring its economy and institutions has been recognized internationally. . . . While many positive and dynamic forces have been unleashed in our society by these changes, agriculture’s role still has not been defined in the new economic order. The economic strategy followed to date has been basically a macroeconomic strategy. The country does not have a comprehensive agricultural strategy or policy for agricultural growth and development in the new economic context. . . . This document, the product of a long and extensive consultative effort in Estonian rural circles, attempts to fill this void, to assist in defining the role of agriculture in the new economic system. . . .<sup>7</sup>

In Honduras, a framework law for agricultural policy that was developed through an intensely participatory process mentioned that the State will act “in coordination with the private productive sectors” to implement the law, and listed as its main objectives the overcoming of deficiencies in a number of institutional arrangements and basic policies of the sector, some of which were considered politically untouchable until the producers became involved in the process of drafting the law.<sup>8</sup>

In these examples, the inclusiveness of the process of strategy formulation had the aims of strengthening the cohesiveness of society, improving governance, reducing poverty, filling major gaps in a sea-change of

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<sup>6</sup> *National Development Strategy, 2001-2010, Eradicating Poverty and Unifying Guyana*, A Civil Society Document, Georgetown, Guyana, 2000, p. vii.

<sup>7</sup> *Estonia: Long-Term Strategy for Sustainable Development of the Agricultural Sector*, Food and Agriculture Organization of the United Nations and Estonian Agricultural University, Tartu, Estonia, 1997, from the Foreword and the Introduction.

<sup>8</sup> Congress of Honduras, *Ley para la Modernización y Desarrollo del Sector Agrícola*, Decree No. 31, March 5, 1992, Tegucigalpa, Honduras, articles 2, 4. The participatory process involved 80 full-day working sessions by national representatives of producer associations plus regional fora within the country and informal sessions on particular issues.

policy regime, and making crucial policy reforms which had not been undertaken previously because of lack of political and social consensus. In all cases, it is apparent that issues were broached, and solutions proposed, which could not have been dealt with in a top-down system of policy formulation and implementation.

The potential ways in which a national vision and strategy can make contributions can be summarized as follows:<sup>9</sup>

- By developing a shared societal vision that builds bridges across ethnically and politically diverse groups through the mechanism of reaching consensus. Achieving this cohesion can help strengthen support for needed reforms and help increase the chances that they will be implemented, as well as helping heal fault lines in the society.
- By better educating the participants and the public on strategic issues in order to elevate national debates on policy issues by showing what the real choices for a country are and what their technical consequences are likely to be. Through involvement in such a process, those who participate directly become well-placed to continue the policy dialogue with the government and comment on the progress of implementation. Through public forums on the strategy document, the general public also becomes better informed about relevant issues. After the first draft of the Guyanese national strategy was issued, the main independent newspaper, *The Stabroek News*, made the following comment in one of its editorials:

The draft *National Development Strategy* should be required reading for our politicians, businessmen, trade unionists and academics. Containing useful and interesting ideas and discussions on every aspect of the economy and its processes it cannot help but raise the level of public debate which in many areas is ill-informed and bereft of any theoretical or systematic framework.<sup>10</sup>

- By making the policy formulation process more transparent and policy making organs more accountable to the public. There is a danger that “stakeholder fatigue” can set in when participation is frequent and intensive, but nevertheless the participatory precedent established makes

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<sup>9</sup> Some of the points in this list have been made, in a briefer way, in Roger D. Norton, *Agricultural Development Policy: Concepts and Experiences*, John Wiley & Sons, London, 2003, chapter 9, and in the author’s presentations in Maputo to members of the Agenda 2025 Committee of Councilors in May 2003.

<sup>10</sup> *The Stabroek News*, Georgetown, Guyana, March 6, 1997 (cited in R. D. Norton, 2003).

it hard for future policies to be conceived entirely out of the public limelight.

- By consolidating democracy through the enhancement of citizen participation in policy dialogues. At first glance, this might appear to be a rarified objective with little relation to reality, but The World Bank has commented that

in Ghana the most significant contribution to broader ownership of the aid process may be improvement in the country's democratic processes. First, popular pressure led to the re-introduction of multi-party democracy in 1992. Then a democratically elected government made some timid attempts at participatory policy-making. And now the current government is characterized by greater openness and tolerance, and a more serious commitment to consultation –both civil society and the private sector are more fully engaged in policy consultations at various levels. . . .<sup>11</sup>

- By developing national priorities and encouraging international support for those priorities. While national policy makers and citizens involved in public dialogues may have fruitful ideas about strategic directions for their country, and policies to foster movement in those directions, donor support cannot be rallied behind them without a well-formulated, technically solid national strategy, which is more convincing if it has a participatory basis. In this sense, the development of a participatory vision and strategy can be seen as strengthening the country's capacity to participate in international dialogues about development policies, and even to lead those dialogues when they concern the country itself.
- By improving the content of policies. Involving persons from the private sector, academe and NGOs widens the pool of talent for developing a strategy and invariably results in improved policy recommendations with stronger technical justifications. A World Bank study pointed out that

The majority of [World Bank] staff responsible for these CASs (Country Assistance Strategies) felt that the benefits of incorporating civil society participation in the process significantly outweighed the costs. They felt that participation in the CAS led to more informed development priorities for the country. . . .<sup>12</sup>

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<sup>11</sup> The World Bank, 2003, p. 40.

<sup>12</sup> Maria Aycrigg, "Participation and the World Bank: Success, Constraints, and Responses," Social Development Paper No. 29, Environmentally and Socially Sustainable Development, The World Bank, Washington, D. C., November 1998, p. 11 (cited also in R. D. Norton, 2003).

In brief, a process like Agenda 2025 offers a unique opportunity to “step out of the box” of the implicit agreements on policies between Ministries and donor agencies, and to generate national consensus on a guiding vision for development. The drafters of Agenda 2025’s *National Vision and Strategies* have expectations of benefits along the lines of the foregoing list, as a result of their participatory approach. The Vision and Strategy states that fulfillment of its goals would facilitate the following outcomes:

- Increase the capacity of government, institutions and civil society to define and implement national economic policies, programs and projects.
- Assure consistency among economic and social policies in the short, medium and long run.
- Increase the capacity of government to assume a leading role in the coordination and management of external development assistance.<sup>13</sup>

A participatory process of developing a vision and strategy is inherently slower than a technocratic process. However, in addition to offering the potential benefits listed above it can have other advantages, such as:

- It can put forth non-partisan or multi-partisan proposals, whereas proposals emanating from a government sometimes are viewed as having partisan aims. This factor may limit the chances of government proposals being implemented and of legislation being approved, and it may increase the chances that the next government will reverse the reforms.
- Governments often are occupied with short-term concerns, and a civil society grouping may be better placed to devote the necessary time to forging a consistent long-term vision.
- Institutional barriers and rivalries among government units may inhibit them from forging a unified, holistic vision for the future of the country.

This being said, it is important to affirm that the participation of government experts in the process, or government affiliation with it in one form or another, can be quite important because in the final analysis the government of the day has to be the primary implementing agent for strategic policy reforms. In view of the increasing interdependence of world economies, and the dependence of low-income countries on international development agencies, one of the most basic considerations is that the structure and content of each national strategy should be decided by the country’s own experts, both within and outside government. They are the ones who best understand the

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<sup>13</sup> Agenda 2025, *National Vision and Strategies*, p.2.

problems their country faces and the manifold implications of alternative solutions.

### 2.3. *Some Results of Participatory Strategies*

And the results of participatory processes? What have been some of the outcomes? This section summarizes the effects of participation in countries where the process has been unusually wide and deep, and then some of the challenges associated with participatory processes are mentioned.

The perceived effect of strengthening democracy in Ghana was mentioned above. In the Honduran case, the participation of both commercial-scale and small-scale (campesino) producers –through the representatives of all the principal producer associations-- permitted the achievement, for the first time, of a consensus between the two groups, and across political party lines, on a program of major reforms in agricultural and forestry policies. It permitted reform of a controversial and sensitive land reform law that had led to campesino invasions of about 20,000 hectares of land every year for twenty years, and many deaths in conflicts over land rights. In addition, campesino and rural women’s benefits were strengthened in several areas and the systems of grain marketing, international agricultural trade, agricultural banking, price management, and forest management were all transformed.

The landmark “agricultural modernization law” was drafted by producer representatives, accompanied by legal and economic advisors, and the implementing regulations and companion laws were drafted in the same way. Over ninety percent of the law has been fully implemented. It brought peace to the countryside for the first time in two decades.

Because of the multiple party affiliations of the participating producers, the law was maintained intact through three Presidential elections, although the party in power changed in those elections, thus permitting continuing progress in its implementation.

One of the reasons for the success of the reform package was its comprehensiveness. If a group of stakeholders felt they were losers in one kind of reform, they could see compensating gains in other reforms. For example, agreement was reached to eliminate the inefficient agricultural support price system because a new system of price bands (for import tariffs) was put into effect by the law.

The initial stage of the process was the development of the first Honduran national agricultural strategy, by a private sector group.<sup>14</sup> Then,

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<sup>14</sup> Comité Nacional de Productores para la Política Agrícola (CONPPA), *Elementos de una Estrategia para la Reactivación del Sector Agrícola*, Tegucigalpa, Honduras, January, 1990.

after one member of the group was named Minister of Agriculture in a new government, the strategy was amplified with more detail, in the form of 12 position papers covering major policy areas. After the President reviewed the papers, he ordered the main thrust of the proposed reforms to be cast in the form of new legislation.

The World Bank and the Inter-American Development Bank, after reviewing the draft of the new law, decided to support its implementation with a sector loan of over \$100 million. Prior to the process of developing the law, these institutions had rejected a request for a sector loan, on the basis that the policy analyses and proposals submitted by the government were not sufficiently solid, so the participatory law made a contribution in this regard as well.

In Guyana the *National Development Strategy* gained wide public recognition as the country's own vision and strategy, and political parties debated over which party was most capable of implementing it fully. Before the *National Development Strategy* was completed, over twenty of its key measures had already been implemented. Factors distinguishing this strategy from previous proposals for policy change in Guyana were: 1) the large number of Guyanese directly involved in its development (over 200) and their multi-racial, multi-party character; 2) the clear and firm technical foundations (justifications) for the proposed changes; and 3) in the final stage, the leadership of the effort by civil society.

Because of its independent character, and the fact that the supporting justifications for the policy recommendations had a relatively strong technical basis, the strategy in Guyana was able to broach some topics which the government itself considered too sensitive to approach. Examples included privatization of major government enterprises, alternative exchange rate strategies, internal and external transportation policies, and the national forest industry management regime. In this regard, the strategy served as a useful vehicle for creating public discussion of some issues that needing to be ventilated but otherwise might not have been.

The work on the first phase of the strategy was interrupted by a prolonged national political crisis. The government had taken the lead in managing the work on the strategy in the first phase, but after the crisis a civil society committee took over the reins of the effort. Many civil society leaders saw the work on the strategy as a way for more voices to be heard on national issues and break the deadlock between the major political parties. It can be said that government ownership of the process was achieved in the first phase and broader country ownership in the second phase.

The donor community lauded and offered support for the final version of the *National Development Strategy*, but the continuing political crisis in the

country has held back full adoption and implementation of it. Donors subsequently switched their attention to the PRSP, and this undermined efforts to develop a full implementation program for the strategy itself, although some of the principal participants in the work on the strategy were invited to help draft the PRSP. To date, the strategy has not achieved its aim of healing the racially-based political divisions in the country, but it has generated a large number of new ideas for all areas of the economy and for social programs as well, and it has catalyzed new thinking and significant changes in some principal policies.

In Estonia, the government solicited advisory assistance from the FAO and from national universities and research institutes for the purpose of formulating a national strategy covering agriculture, forest management, water management, fisheries, and rural social issues.<sup>15</sup> A team of over 40 Estonians was assembled under the leadership of the Ministry of Agriculture, and the university members of the team carried out focus group sessions and surveys in rural areas and fishing communities, and held discussions with farmer organizations. Before the strategy was completed, preliminary workshops were held on the central ideas of strategy as they began to emerge, and members of Parliament and other government Ministries were invited to the workshops, as well as representatives of rural communities and farm organizations.

Although the Estonian economy grew rapidly after independence from the Soviet Union, the agricultural sector suffered greatly in the change of economic regime, and rural poverty increased, especially among older people. Therefore the strategy became focused on identifying sectoral policies to compensate for the effects of the new macroeconomic policies in rural areas, without contradicting the new market-oriented framework of national economic policy.

In effect, the strategy proposed measures to assist the transition from a centrally planned economy to a market economy. It was found that it was not enough to change only macroeconomic and foreign trade policies. Agriculture and rural communities needed large amounts of assistance and new policies for the transition. In the wake of the collapse of the collective farming, special measures were required to start private and cooperative rural and agricultural services. The new macro policy of a fixed exchange rate (relative to the deutschmark) caused real agricultural prices to drop by 50 percent, so the strategy recommended a new program of direct support to producers, á la the McSharry Plan in the European Union.

Because of these kinds of problems, some producer organizations and rural-based political parties had become severely disenchanted with the

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<sup>15</sup> FAO and Estonian Agricultural University, *Long-Term Strategy for Sustainable Development of the Agricultural Sector*, Tartu, Estonia, 1997.



transition to a market economy. They came to advocate a return to Soviet-style controls on foreign agricultural trade, prices and even production. The work on the strategy offered an opportunity to debate the issues with many participants, and to realize that solutions could be available within the context of a market economy.

Thus, although the strategy did not gain full country ownership, Estonians identified with it sufficiently that it made an important contribution to the basic direction of Estonian economic policy. Members of Parliament became interested in the draft proposals for policy reform as they took shape, and they invited members of the strategy's steering committee to address Parliamentary committees. Before the strategy was completed Parliament began work on laws to implement some of its main recommendations, including the program of direct payments to producers, new rural social policies, establishing a fund for rural infrastructure, fundamental reforms to the land privatization process which had lost momentum, and new legislation governing land leasing.

As these examples show, broadening a society's participation in the development of a national vision and strategy can lead to valuable results. When the participation is successful, those involved in the process develop a sense of commitment to the strategy and its recommended policy reforms. The strategy captures the imagination of many people, and consequently the political support for its implementation can be stronger than for policy proposals emanating from the government bureaucracy or from international agencies.

However, the road to successful implementation is not necessarily a smooth one. One of the challenges is to ensure that the participants are sufficiently representative of the main interest groups in the country – something that appears to have been done particularly well in Mozambique.

In Honduras, at the outset only the more commercial farmers, with medium and large size holdings, participated in developing the strategy. In the second phase, when the white papers were drafted, some campesino groups participated but they were not representative of most of the campesinos. Partly as a result of this situation, other campesino groups became alarmed at (distorted) reports by some newspaper columnists in regard to the content of the new strategy. Massive protest demonstrations eventually took place and the government was on the verge of abandoning the reform effort. Fortunately, discussions with the leaders of the protest opened the way to their participation in the effort, and the reform proposals and draft policy law were modified. Only with the new, wider participation was it possible to generate a sufficient consensus in support of the proposed legislation.

Another challenge is to overcome potential partisan differences among the participants, and sustain a spirit of cohesiveness in the group in spite of differing political affiliations, economic interests, regional and ethnic backgrounds, etc. An attempt at forging consensus on a national agricultural and forestry strategy in Nicaragua (2000-2001) was undermined by the appropriation of central ideas in the strategy by one major political party for use in an electoral campaign. This vitiated the sector-wide unity that had been cultivated in the initial phases of the process and illustrates one of the hazards associated with participatory efforts.

Yet another challenge is to sustain interest and commitment on the part of the participants, during what is necessarily a long process. In Guyana some of the task forces lagged seriously in their efforts and needing bolstering in order to bring the process to a (delayed) conclusion. This occurred in part because the participants were not reimbursed for their time. The purpose of this decision was to keep the process independent of any national or international institution. But the cost was a longer process in time. In Estonia, the university participants were reimbursed for their time, through the FAO, because the reality was that otherwise participation would have been limited to government officials. However, in most contexts this is a difficult issue because a real tradeoff may exist between the institutional independence of the effort and the swiftness with which it can be brought to a conclusion.

In participatory strategies, a technical challenge exists in the form of ensuring sufficient quality control in regard to the supporting justifications for the policy recommendations, and making the recommendations specific enough to encourage implementation. In each of the cases mentioned above, the strategy's policy recommendations were quite specific and helped provoke fruitful national discussion and interest in enabling legislation. A central issue here is that quality control needs to be exercised in a way that does not undermine national or civil society ownership of a strategy.

In the perspective of the International Monetary Fund and the World Bank, "doing the analytical work to enhance the technical quality of a comprehensive, long-term strategy stretches existing national capacities and, if governments therefore rely on international technical assistance, this may undermine country ownership."<sup>16</sup> The statement is valid but a more relevant point is that national institutions may require more time to complete a strategic exercise, because of the nature of participatory and consultative processes, and because not all the participants will have had prior experience in policy analysis. The issue may not be so much one of national capacity for this kind of work rather than a question of how to bring out that capacity.

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<sup>16</sup> International Monetary Fund and the World Bank, 2002, p. 8.

Promoting participation in a process of strategy formulation is not a guarantee of a successful outcome, and it will not necessarily function well in all circumstances, but when it does work, it can yield important benefits for the country.

### 3. The Situational Analysis in *Visão e Estratégias da Nação*

After its introductory material, which includes a brief characterization of Mozambique, the Agenda 2025 Vision and Strategy consists of seven chapters:

1. The process of developing the Agenda for 2025.
2. Analysis of the prevailing situation in regard to the main economic and social topics.
3. Presentation of fundamental national choices in the form of four main alternative scenarios.
4. Development of the preferred (“desirable”) scenario at greater length than any of the previous four options.
5. Summary of the overall vision for the country’s future.
6. Strategic options, which give more detail for the recommended scenario, pointing the way toward the kind of policy reforms that would be needed realize that scenario.
7. A brief chapter on the next steps in the strategic process.

This part of the present report summarizes the situational analysis in the *National Vision and Strategies* with emphasis on the aspects that are relevant to poverty alleviation. The sections that follow review the Vision and Strategy’s alternative scenarios and the preferred scenario (chapters 3 and 4 of the document), and then the vision and the strategic options. Comments are made throughout about points of commonality and differences with respect to the PARPA, and the concluding section offers observations on how some principal thrusts of the Agenda 2025 Vision and Strategy could be incorporated into the framework of the PARPA.

It is worth emphasizing that the *National Vision and Strategies* has been written as an educational document as much or more than as a policy document in the narrow sense. In a country in which national civic experience has been limited, first because of the repression of colonial rule and then because of internal strife, Agenda 2025 has dedicated itself not only to outlining key policy choices but also to informing the Mozambican public about *what* the most important policy concerns are, *which* factors will influence the country’s choices in those areas, *how* well prepared the country is to address the concerns, and *who* the main actors are in the national policy dialogue.

This contribution of the document is very valuable and helps lay the groundwork for greater citizen participation in policy dialogues in the future. And for those already accustomed to dealing with policy issues, it makes the

context for choices as clear as possible. The document's educational objective is particularly evident in its chapters 2 and 3 but it should be borne in mind while reading all the chapters.

The descriptive parts of the document, especially chapter 2, also helped orient the members of Agenda 2025 in considerable detail with regard to the structure and functioning of the Mozambican economy and society. These components of the document enabled all participants to initiate their work on the basis of a common diagnosis of the current situation. Therefore they were a logical starting point for the exercise.

The situational analysis in chapter 2 covers the full range of topics dealt with in the *National Vision and Strategies*: human capital ("characterization of the Mozambican man"), social capital (or the socio-cultural-historical matrix of the country), issues related to the economy and development, and institutional or governance questions. A self-critical and forward-looking viewpoint is adopted throughout the exposition. For each of the four principal topics, the analysis is broken down into a basic presentation of the main issues; identification of variables that will influence the evolution of those issues in an important way; actions or events which will have a bearing on that evolution; critical uncertainties; current trends; past and present strategies; and the country's strengths, weaknesses and opportunities and threats it faces with respect to the topic.

The chapter begins with a listing of 28 groups of protagonists in national development. It is only a list but it points out succinctly the role of each group. For example, the role of "public and private sector entrepreneurs" is to act as "agents of transformation and creators of wealth, employment, well-being and other stores of value" (p. 10). There is considerable overlap among the groups, as in the case of the three groups "citizens," "local communities and the [rural] family sector," and "vulnerable groups . . . victims of natural calamities." However, this overlap is useful because it shows the varying roles a citizen can fulfill and the different ways in which he or she may be a participant in the development process and an object of development policies.

### **3.1 *Human and Social Capital***

In the area of *education*, the analysis points out that in the colonial era black Mozambicans were highly disadvantaged in terms of access to education, and that in fact the educational system reinforced the discriminatory character of society at that time. In independent Mozambique improving education was made a national priority, and the document notes that in the nine years following Independence surprising gains were made in reducing illiteracy and increasing children's access to schooling. However, the civil strife, and the accompanying external aggression and economic sanctions, set back educational efforts because of the large-scale dislocation of populations,

especially in rural areas, and the destruction of 46% of the primary schools and 20% of vocational schools.

After the peace accords other countries assisted in strengthening the national educational system, by sending professors and technical specialists, mostly in sciences, and by receiving Mozambican students in those countries' universities. By 2001 the national illiteracy rate was 56.7% (but 71.2% among women). Among youths of the 15-19 year old age group, illiteracy was substantially lower, at about 40.9%. For first through fifth grades (basic primary education), the government increased the number of schools from 6,588 to 7,771 in just the two years 1999-2001. Correspondingly, basic primary school enrolment increased from 2,074,708 in 1999 to 2,644,405 in 2001.

However, the diagnosis also points out that there still is a high rate of drop-outs and of failures to be promoted from one grade to the next, especially among female students. The number of students who complete primary school in five years is much less than those who enter. Equally, facilities for continuing schooling beyond fifth grade are scarce, above all in rural areas.

Factors cited that contribute to the low quality of education include insufficient qualifications of teachers, difficult conditions in which teachers are expected to work, little pedagogical support to teachers, low salaries for teachers and arrears in payment of salaries, poor motivation among teachers who choose that occupation only as temporary employment while looking for something better, lack of rewards in the system for the more dedicated teachers, and lack of periodic opportunities to update and improve their training.

Equally, the diagnosis points out a number of factors that affect learning conditions for students. They include insufficient food and clothing and financial resources, schools with weak administration and poor links to their communities, the long distances many students have to travel to school, illnesses, early marriage among students especially women, scarcity of school supplies, lack of laboratories and other practical facilities, and other factors.

In the field of *health*, the colonial system was equally discriminatory. Access to health services and hospitals was concentrated in cities and towns and reserved for Portuguese and Mozambicans who were assimilated into the colonial system. Upon Independence the health system was nationalized and emphasis was placed on broadening its coverage among the population. However, lack of sufficient number of qualified medical personnel was a major impediment, and recourse was made to bringing in doctors on a temporary basis from other countries. In addition, the internal conflict worsened the health status of the population and aggravated malnutrition, so that Mozambicans' well-being fell to among the lowest ranks in the world by these indicators.

In 1986 a UNICEF report estimated the rate of mortality among children under 5 years at an alarming level of 375/1000 and the health service coverage at only 30% of the population. Only 13% of the population had access to potable water, and maternal mortality had shot up drastically. With the arrival of peace, the government devoted itself to restoring the economic and social fabric of the nation, with emphasis on dealing with legacy of conflict in the form of large numbers of child soldiers and street children

Significant progress has been made in the health area although basic health conditions are still unacceptable. The mortality rate for children under 5 had dropped to 219/1000 by 2002, an improvement over the abysmal rate of 1986 but still much too high. The Vision and Strategy<sup>17</sup> also cites the high prevailing rate of maternal mortality and the still low life expectancy (47.3 years for women and 43.4 for men). It is commented that life expectancy may decline sharply as a result of the HIV/AIDS epidemic, to perhaps an average of 35.9 years by 2010, and it presents data on the current rates of infection. By 2010 AIDS may create 900,000 orphans. It is noted also that this epidemic affects more seriously adults in their most productive years and therefore, among other things, it will affect the provision of government services.

Reference is made to other serious health issues, especially malaria followed by cholera and tuberculosis, and to the country's vulnerability to natural calamities.

As a first step toward raising awareness of the role of policies, Agenda 2025 mentions key variables that will influence the educational and health status of the population in the future. They include, among others, the efficiency and coverage of national health care, the quality and efficiency of the educational system throughout the country, the rate of economic development which generates financial resources and creates employment, and maintenance of a climate of peace and dialogue, the social security system, and an efficient and credible judiciary.

The document then lists 16 actions or events (on pp. 15-16) that could influence future health and education levels, but in reality they also represent current or potential emphases of policy, and hence most of them could well be combined with the immediately preceding list of key variables. The list of actions or events starts with PARPA and it goes on to include such areas as rural development programs, the reduction of external indebtedness, programs to combat infectious, contagious and endemic diseases, a Family Law to combat discrimination against women, support for the elderly, food security programs, integral education programs, and so forth.

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<sup>17</sup> Occasionally the *National Vision and Strategies* is referred to as the Strategy for the sake of brevity.

The PARPA does not envision its efforts as independent of or complementary to actions like these, but rather as part of them. Indeed, the first three of the six “fundamental areas of action” of the PARPA concern education, health, and agriculture and rural development (PARPA, p. 3). Probably the inclusion of PARPA as a separate item in Agenda 2025’s list of relevant events is best interpreted as PARPA providing additional resources to support a variety of worthwhile programs.

The next step in Agenda 2025’s diagnosis is to list critical uncertainties that will affect the development of Mozambique’s human capital. One of them is the country’s ability to counter corruption and raise levels of transparency and good governance. Other uncertainties refer to the broader social climate in the country, e.g., the degree to which the family can be strengthened and women and children included in family decision-making, and continuing progress in the area of social peace and reconciliation. And some uncertainties refer to the direction taken by future policies, such as the degree of orientation of rural development policies toward poverty reduction and the possibilities of producing locally in Mozambique school texts that are appropriate to the country’s national realities. The Vision and Strategy also mentions that the rate of economic growth is a critical uncertainty because it influences the availability of resources for health and education programs. (Along these lines, recent research that points to the decisive role of human development as a critical determinant of the “virtuous cycles” of mutually reinforcing economic growth and human development achieved by some developing countries during the last several decades.<sup>18</sup>)

To this list of critical uncertainties may be added the list of potential threats to the country’s development that is presented a few pages later. Those threats are seen to include the HIV/AIDS pandemic; the continuing epidemics of malaria, cholera, tuberculosis and the widespread prevalence of diarrhea; the possibility of a resurgence of armed conflicts; the lack of sufficient “culture of work,” and the lack of emphasis on the value of agricultural activities and professions in the teaching system.

As part of the context, the *National Vision and Strategies* mentions a number of trends, positive and negative, that also will affect the development of human capital. Some of the trends were mentioned earlier, in a different form. Some of the main items mentioned here are the country’s rate of population growth –about 2.4% per year even allowing for AIDS and other epidemics– continuing disparities between rich and poor in spite of economic growth, disparities between genders and among regions, the extent to which PARPA succeeds in improving the lot of the least favored groups in the population, the presence of many more Mozambicans with secondary and university education

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<sup>18</sup> See Gustav Ranis, Francis Stewart and Alejandro Ramirez, “Economic Growth and Human Development,” *World Development*, vol. 28, no. 2, 2000, pp. 197-219.

than before Independence, and wider coverage of health services and schooling facilities.

In summarizing the main components of past and present strategies for human capital, the *National Vision and Strategies* indicates that the post-Independence thinking was dominated by nationalization of health and educational services and by campaigns of vaccination of the population and adult literacy training. The present strategy is centered on more investments for strengthening human capital; the active role of development partners in the public, private and community sectors in regard to health and education issues; and the widening of the networks for schooling, health services, potable water and sewage disposal. The main results have been improvements in living conditions -though the are still affected by the war and past natural disasters, an increase in the number of outstanding institutions of higher learning, and reductions in rates of illiteracy and infant mortality.

Agenda 2025 has identified a number of national strengths and weaknesses that have a direct bearing on continuing efforts to improve the country's human capital. The point of departure is a base of human capital that is competent, thinks critically and can engage in discussions about the country's destiny and how to promote development (a strength to which Agenda 2025's own effort has contributed significantly). Other strengths include the relative youth of the population, the increasing involvement of women in decision-making spheres, the value society places on education, and the spirit of sacrifice demonstrated by the vast majority of Mozambicans in working to overcome difficulties in spite of poor conditions and low salaries.

The *National Vision and Strategies* identifies weaknesses that are especially relevant to the effort to reduce poverty. They include (p. 18):

- the low quality of public sector services in health, education and justice, and the difficult of gaining access to them for much of the population;
- weak capacity of the government to retain trained personnel owing to the lack of sufficient monetary incentives;
- lack of access to schooling for many young people;
- a tendency for qualified teachers and doctors to assume administrative responsibilities instead of continuing to provide directly the service for which they were trained;
- insufficient numbers of facilities for technical and vocational education:
- limited numbers of doctors, nurses and beds in hospitals;
- insufficiency of material for education on preventive health.



Although at this point in the Vision and Strategy the discussion is still at a fairly general level, significant differences in orientation are starting to emerge vis-à-vis the PARPA. While the PARPA recognizes that “in all its actions, the State is obliged to be effective and efficient” (¶170, p. 70), it does not offer actions directly aimed at retaining competent staff and improving the quality of public sector services. It recommends strengthening district-level and provincial planning capacities and the decentralization of (unspecified) responsibilities to that level, but experience has shown that the kind of local participation most likely to improve educational and health services is placing the facilities under community control,<sup>19</sup> which represents an even stronger degree of decentralization. Likewise, the PARPA stresses stringency in the fiscal budget (¶196.2, p. 76) without touching upon the topic of raising salaries for competent staff.

Over the longer run, the PARPA’s recommendations for greater mobilization of tax revenues (¶197.2, p. 77) would improve the government capability to retain qualified staff and improve public services. However, this process is likely to stretch out over a very long time, and more direct measures would be needed to implement the thrust of the *National Vision and Strategies* in this area.

The PARPA recommendations for actions within the areas of health and education (pp. 45-56) would support the strategic thrusts of Agenda 2025, except for this question of public sector personnel incentives and the fact that PARPA does not recommend a program for education in preventive health except in the specific case of HIV/AIDS (¶ 140.2). Throughout the world it has been shown that preventive health measures are more cost-effective than curative measures.

In regard to *social capital*, the discussion of the *National Vision and Strategies* emphasizes the country’s cultural diversity as a source of strength and, as areas of concern, social and regional inequalities and the need to reinforce national cohesion, strengthen families and communities, improve gender relations, and to provide more outlets for artistic and cultural expression and support the use of local languages. The critical uncertainties are basically the same as those mentioned in relation to education and health. This section of the Vision and Strategy affirms an increase in the participation of women in government and in economic and social enterprises but expresses concern about a perceived decline in civil morals and social responsibility, a widening of corruption, a reduced sense of social cohesion, and little interest in voluntary activities and national cultural activities and values (p. 22).

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<sup>19</sup> See, for example, E. Jiménez and Y. Sawada, “Do community-managed schools work? An evaluation of El Salvador’s EDUCO program,” *The World Bank Economic Review*, vol. 13, no. 3, September 1999, pp. 415-441.

Mozambique has won international prizes in sports, music, theater, sculpture, photography, cinema and literature, but the Vision and Strategy points out that the educational system does not provide many opportunities for youth in these kinds of activities.

These points are well taken but it could be added that there is a need to find ways to promote economic and social cooperation in rural areas, which has strong roots that could be nurtured. In an agricultural sector dominated by small-scale producers, their ability to improve their productivity and forge links with modern marketing channels depends in good measure on cooperative efforts. This kind of social capital enhances smallholders' ability to purchase inputs, manage irrigation, obtain credit, store and market outputs, and participate in agricultural research and extension activities. Therefore policies and programs to foster rural forms of cooperation –a form of social capital – can be important in the effort to reduce poverty.

### **3.2 *Economy and Development***

This is an extensive section of the *National Vision and Strategies*. It starts by sketching the considerable natural resource endowment of the country that could lend itself to greater economic exploitation: hydroelectric basins in all major regions, important agricultural and livestock potential in a wide range of products, abundant mineral resources, forests rich in various species of commercial trees, wildlife (for tourism), and large inventories of marine species. In addition, major investments have been made in infrastructure for rail shipment and an oil pipeline and ports. The agricultural potential alone is demonstrated by the fact that the sector expanded more rapidly than the economy as a whole between 1987-96, and the dependence on imported grains was reduced sharply (Vision and Strategy, pp. 26, 30).

The Vision and Strategy highlights the fact that the Mozambican economy has been subject to three very different economic regimes in a short period of time: the colonial system, the post-Independence policy framework plus the effects of war and blockade (1975-86), and the period of peace combined with structural adjustment policies that commenced in 1987. The colonial economy was characterized by forced cultivation of cotton and plantation agriculture, and Mozambique was forbidden to have industries that competed with those of Portugal. Major infrastructure works were constructed in part to benefit neighboring countries, e.g., the Cahora Bassa hydroelectric dam, railroads and ports for transshipment of goods from inland countries, and a oil pipeline.

Upon Independence an abrupt policy turn was taken with the nationalization of land, health and education services, legal services and all but one bank, and the creation of government agricultural marketing agencies and

other parastatals. The war and external aggression that followed independence exacted a great toll on the economy as well as inflicting an enormous loss of life. The Vision and Strategy mentions that UNICEF estimated the cumulative cost of the destabilization of Mozambique wrought by the apartheid regime between 1975 and 1988 as US\$15 billion, at 1988 prices, a sum equal to four times the country's GDP in 1988.

The era of structural adjustment has seen a dismantling of most State interventions in the economy but the creation of some private monopolies. Other effects of the adjustment programs have included very high real interest rates, which has made it impossible for many industries to expand on the basis of borrowed capital, and the sharp diminution of lending in rural areas.

The Vision and Strategy concludes (p. 28) that two of the most important constraints that remain are the high degree of dependence on external assistance and the still weak development of the country's human capital. As a result of restrictive financial sector policies and the human capital constraint, small and medium industry has not become an engine of growth. Only very large industrial projects have been successful, with the consequence of increasing concentration of industrial output. "The weight of the ten principal industrial products in total industrial production shifted from 50% in 1959 to 80% in 2001" (Vision and Strategy, p. 30).

Agenda 2025 concludes that on the whole, excepting the largest projects, industrial output appears to have stagnated. The document says that if the effects of the giant Mozal project are excluded, the weight in GDP of value added in manufacturing industries was the same in 2001 as it was in 1971 and 1961 (p. 30). It also cites data indicating that total employment actually declined in the 100 largest industrial firms in 1999.

Given the importance of industry for employment creation, and of employment for poverty alleviation, this is a central concern of the *National Vision and Strategies* and the theme of promoting industrial growth is developed in various parts of the document. In this area, the PARPA appears to differ in emphasis. While it acknowledges the importance of industry, especially agro-industry and export manufacturing, for employment creation (p. 91), its recommendations for policies to promote industrial development are fairly general. Though useful and aimed at reducing obstacles to private sector activity as a whole, its recommendations do not include specific proposals for actions to stimulate the industrial sector.

The PARPA proposes reducing bureaucratic regulations that impinge on the business sector, encouraging financial services for small producers (without indicating how this will be achieved), and of course improving human capital. In 129 pages of main text, it devotes 2/3 of a page to the manufacturing sector and two pages to employment and business development. The *National Vision*

*and Strategies* also stresses the need to eliminate bureaucratic obstacles to private sector development. In its summary of weak points in the economy, for example, it mentions (p. 38) the “gaps and omissions in the juridical and institutional framework of the country that give scope to ambiguity in the regulations, permitting and fostering corruption and excessive bureaucracy.” The same concern is expressed in other wording in several parts of the document.

However, as is discussed in section 4 below, Agenda 2025 advocates a more proactive strategy toward stimulating the industrial sector, emphasizing the provision of development finance at affordable interest rates. Agenda 2025 views the extraordinarily high real interest rates of recent years (above 25%) as a serious obstacle to more broadly-based industrial growth (see pp. 28, 78 of the *Vision and Strategy*, for example). The mega-projects in industry and natural resource extraction have been able to escape this financial vise by virtue of having access to external sources of finance.

The PARPA limits itself to less specific recommendations like “Evaluate recommended measures to improve the business environment, which arose from consultations with the private sector . . . and develop an appropriate implementation plan” (p. 83) and “Update labor legislation, eliminating those aspects which unnecessarily increase labor costs. . . .” (p. 82).

The *National Vision and Strategies* also manifests concern about “inconsistent sectoral policies” (p. 30), promoted by the Bretton Woods institutions, that caused the virtual closure of the cashew processing industry with the loss of hundreds of thousands of jobs. In retrospect, while the long-established farmgate price of cashew undoubtedly had been too low from a long-term perspective, there was scope for negotiating gradual changes in order to allow the processing industry to adapt. This is a common issue in oligopsonistic agro-processing sectors. The experience of Ghana illustrates a more gradual and productive approach to changing the sectoral economy. The various structural adjustment loans allowed for phased changes, starting in the 1980s, in the price negotiated for purchase of cotton from farmers by the mills.<sup>20</sup>

In short, the *National Vision and Strategies* sees the industrial sector as historically weak and negatively impacted by key policy changes made during the structural adjustment period, whereas the PARPA sees the key industrial development as mostly a matter of changing the regulatory and legal framework for the private sector. They coincide in calling for investments in human capital and enhancing the country’s relatively thin endowment of entrepreneurial talent, the *Vision and Strategy* concurs in the need to make government services more business-oriented and effective.

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<sup>20</sup> See Abena D. Oduro and George T-M Kwadzo, “Impact of Agricultural Trade and Related Reforms on Domestic Food Security in Ghana,” revised draft submitted to FAO/Rome, November, 2003.

Another pervasive issue that emerges from the economic analysis in chapter 2 of the *National Vision and Strategies* is the lack of transparency in the land tenure regime and the consequent lack of land tenure security for many agricultural producers, as well as the lack of sufficient and secure access to land by the rural poor. The following among many quotes in the Vision and Strategy illustrate that concern:

- In the list of events with future implications, it is stated that “The question of ownership of land and marine and riverine resources will have a substantial impact on the country’s economy” (p. 34).
- Among the critical uncertainties is the “Confidence and juridical security on the part of rural communities and national and foreign investors with respect to access to and control of land” (p. 35).
- Among the trends is listed, “Political pressure among certain social groups and strong economic and political sectors, in relation to land speculation in the sense of [seeking to] revise the land law” (p. 35).
- In the list of results of current policies are the following statements: “There exists some concern about the procedures for adjudication of land in urban areas” and “The registry and adjudication of titles for use and exploitation [of land] are very slow” (p. 37).
- Among the threats to development is the “Anarchy in land distribution generated by lack of management capacity, insufficient regulation and oversight [of the process] and also by corruption” (p. 40).
- “The State . . . should guarantee access to, possession of and usufruct rights to [land] for Mozambicans” (p. 77).
- “Only a guarantee of access to land can allow food security. . . .” (p. 56).

Throughout the world it has been found that access to land for the rural poor and security of land tenure are two of the most fundamental conditions for agricultural development and reduction of rural poverty. “Property rights to land are . . . one of the most powerful resources available to people . . . for sustainable livelihoods.”<sup>21</sup> The PARPA also recommends improvements in the land tenure system but, as in the case of industrial development, it does not give the issue the same degree of emphasis that the Vision and Strategy does and does not seem to recognize the degree of political and organizational difficulty involved in sorting out the land tenure situation. It devotes a brief paragraph to the topic of land management and recommends, without

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<sup>21</sup> Paul Munro-Faure, Paolo Groppo, Adriana Herrera, and David Palmer, *Land Tenure and Rural Development*, FAO Land Tenure Studies, FAO, Rome, 2002, pp. 2-3.

elaboration, “Organize the national land register” and “Simplify the process of land adjudication” (p. 68).

In its situational analysis and other chapters, *The National Vision and Strategies* stresses both the agricultural potential of Mozambique (e.g., pp. vi, 25, 74) and its importance for both growth and poverty reduction. It calls Mozambique an “essentially agricultural country” (p. 32) and states that “agricultural growth, including increases in productivity and access to technologies and markets, is fundamental for reducing poverty” (p. 77). The PARPA agrees with this stance and mentions “the key role of agriculture and rural development in any strategy for poverty reduction and rapid economic growth” (¶155, p. 62). It should be noted that the staffs of the IMF and the World Bank reported in 2003 that the Ministry of Agriculture was more committed to implementing its own program (PROAGRI) than the agricultural component of the PARPA, and accordingly is considered the weakest link in the implementation of the PARPA.<sup>22</sup>

The *National Vision and Strategies* expresses concern about the persistence of regional inequalities in Mozambique and sees agricultural development and improvements in infrastructure and rural health and educational services as principal ways to reduce those inequalities.

### 3.3. Governance

The *National Vision and Strategies* relates in condensed form the phases and trials that governments in Mozambique have passed through, starting with the pre-colonial period. One basic conclusion is that the country has attained “peace and stability,” a not inconsiderable achievement and that Mozambique is becoming an example in the region and in the world in regard to “national reconciliation and stability of its system of government” (p. 45).

The strategy points out both positive developments and areas of concern in regard to governance. The positive points include recognized progress in the area of human rights, a free press that criticizes government corruption, an increasing sense of national identity and unity, greater mutual tolerance and dialogue among political parties, the initiation of a decentralization process, greater accountability of the government to both the National Assembly and to the public at large through the press, the existence of PARPA and of programs for public sector reform and policies for other sectors, and the recognition that all sectors of society including civil society have a role to play in the national economy.

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<sup>22</sup> International Monetary Fund and The International Development Association, “Republic of Mozambique: Poverty Reduction Strategy Paper –Progress Report, Joint Staff Assessment,” Washington, D. C., June 5, 2003, *passim*.

On the negative side, among other things the document expresses concern that guarantees of civil rights are still fragile, that government actions still are not sufficiently transparent, that public sector services are excessively bureaucratic and corrupt, that patronage rules in nominating persons for public posts, that tax evasion weakens resource mobilization for the government, that little heed tends to be paid to public opinion in rural areas, and there is a lack of an integrated agricultural development strategy that would bring it fully into the ambit of national development.

One of the more important conclusions of the *National Vision and Strategies* is that “In spite of recognized progress, the judicial system still is inefficient and for that reason it is not sufficiently credible. Citizens still do not know their rights and the police still are not effective in protecting persons and goods” (p. 42).

As noted above, the PARPA also recognizes the importance of effective government. To this end, it encourages administrative decentralization, developing a strategic plan for the justice sector, and establishing labor tribunals in several cities. In other areas, its recommendations are quite general, phrased in terms of “strengthening” institutions and developing reform programs. However, there may be a more fundamental issue in this area. Kathryn Casson of DFID has warned against a PRSP venturing too far into the governance area. She says, “in many cases the PRSP may not be the appropriate channel through which to pursue dialogue o political participation or issues pertaining to democracy building. . . . Rather, the need is for . . . more explicit recognition of a) the political environment in which a PRS is being drawn up and b) the capacity constraints faced.”<sup>23</sup>

In other words, in her opinion perhaps narrower measures to make government more efficient are appropriate for a PRSP, but broader thrusts aimed at strengthening democracy might not be. Where is the line drawn? Is pervasive government corruption a legitimate concern of a PRSP? One possible solution to this dilemma is to explicitly link a PRSP to a national strategy, making the former *one of the action plans* of a strategy. The strategy itself normally would be a more encompassing document, and it should be followed by action plans in other areas as well, including governance.

## 4. Scenarios in the *Visão e Estratégias da Nação*

### 4.1 *Four Scenarios*

The situational analysis paves the way for the development of alternative scenarios for the future. Agenda 2025 does this in two steps. First, it presents a

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<sup>23</sup> Kathryn Casson, “Governance and the PRSP Process: A Review of 23 IPRSPs/PRSPs,” Governance Department, DFID, June 2001, p. 20.

sequence of four scenarios that illustrate the implications of progressive betterment in key areas of the society and the economy. Second, it develops in considerable detail the content of the most desirable of the four initial scenarios.

The scenarios are put together on the basis of twenty social and economic variables. The variables are grouped into the same areas used in the situational analysis: human capital, social capital, economy and development, and governance. The scenarios represent varying degrees of progress in each area and according to each of the twenty variables. The Vision and Strategy also assigns a score to the present situation with respect to each of the twenty variables.

The variables, listed under their respective areas, are as follows:

- 1) Human capital
  - i. Basic living standards
  - ii. Health care services
  - iii. Control of HIV/AIDS and other endemic illnesses
  - iv. Education and training
- 2) Social capital
  - i. Social justice
  - ii. Access to land for its use and exploitation
  - iii. Local communities and institutions
  - iv. Family
  - v. Balanced gender relations
  - vi. Participation of youth in society
- 3) Economy and development
  - i. Macroeconomic and microeconomic coordination
  - ii. Rural development
  - iii. Competitiveness and technological transformation
  - iv. Savings and investment
  - v. Infrastructure
4. Governance
  - i. Peace and social stability
  - ii. Democracy and participation
  - iii. International relations (with emphasis on SADC)
  - iv. Legality and security (of property, contracts, etc.)
  - v. Communications and information

The maximum possible score for each of these variables ranges from 3 to 6, and the sum of the maxima is 100. The present situation is assigned a total score of 43, and the total scores of the scenarios range from 28 to 88. Among the twenty variables, seven were selected as the most important, because of the



pervasiveness of their effects on other variables. These are the seven that have maximum point scores of 6. They are: education and training, health care services, access to land, rural development, competitiveness and technological transformation, peace and social stability, and democracy and participation. The Vision and Strategy comments that among these variables are those with the greatest future uncertainty and sensitivity for the country: peace and social stability, democracy and participation, and technological transformation with a view to increasing competitiveness in production.

The selection of the twenty variables in itself illustrates the issues that Mozambicans have expressed the most concern about in the consultations carried out by Agenda 2025. The list is much broader than the set of variables normally covered by an economic planning document. It reflects the conviction of Agenda 2025 that successful development means moving forward in a number of social and institutional areas as well as by traditional standards that concentrate only on the two variables of economic growth and reduction of the numbers of families below the poverty line.

The least favorable scenario is markedly worse than the present situation, the next scenario represents a slight improvement over the present, and the third and fourth scenarios represent progressively greater improvements. The main purpose of presenting the scenarios is to convey to a wider public of what it would mean to the country to advance or retreat in each of the key areas of economic and social development. In this sense, the scenarios are educational tools rather than representation of specific policy choices or tradeoffs. Clearly, moving from each scenario to the next highest would represent a gain for Mozambique; the point of this chapter in the Vision and Strategy is to illustrate *how* things would improve with better performance. Another basic message of the discussion of scenarios is that the gains of the past decade should not be taken for granted. A weakening of those gains could occur in the future. Equally, the scenarios illustrate the nature of the challenges to be faced if the country is to continue to move forward in each area.

To increase the usefulness of the scenarios as educational tools, they are given evocative names from the animal kingdom that would convey instantly to the majority of Mozambicans how desirable or undesirable each scenario is. Proceeding from worst to best scenario, their names are goat, crab, turtle and bee.

The goat scenario is characterized by a drastic deterioration from current conditions in the areas of peace and social stability and rural development, and a significant deterioration with respect to several other variables, including basic living conditions, health care services, control of the HIV/AIDS epidemic, education and training, social justice, savings and investment, and communications and information. A decline is registered in other areas as well. The *National Vision and Strategies* describes this scenario as one of corruption,

intolerance, and social exclusion, leading eventually to a resumption of war. It comments that corruption exacerbates social exclusion because it affects most the poorest and weakest groups in the population. While this scenario may appear unlikely, the Vision and Strategy warns that it cannot be ruled out entirely and points to the prevailing levels of corruption. It would affect economic variables also, and levels of savings and investment would fall, and higher expenditures on defense and security would also take their toll on the economy.

The crab scenario is centered on what the Vision and Strategy calls a tendency toward lack of constructive dialogue on the political and social life of the country. Failure to confront and discuss important issues leads to hesitation and backtracking, and movement forward only slowly and in a zigzag pattern, hence the label crab. Under this scenario there would be modest improvement with respect to some variables but stagnation with respect to many others. Lack of confidence in contracts and commercial relationships and lack of dialogue with potential foreign investors would undermine the economy. Tax evasion would weaken the fiscal budget and cuts would have to be made in vital services. Nevertheless, small improvements would occur in fields such as education, access to land and competitiveness. But overall the scenario would see only very slight progress in reducing poverty. A central message of this scenario is that improvement in only some areas is not sufficient to resolve the main issues the country faces.

The turtle scenario is designed to illustrate the possibility of a continuation of unbalanced growth, in which the technological transformation and competitiveness accelerate in some areas of the economy but without bringing significant benefits for the majority of the population. It is a scenario that represents a clear improvement over the present situation but in which the State caters to the interests of a few individuals rather than to society as a whole, and large inequalities continue to be present. The Vision and Strategy says that under this kind of scenario Mozambique would be able to avoid some hurdles to growth without removing them permanently, with the implication that the gains might be relatively short-lived.

The bee scenario is characterized by large improvements in the areas of human and social capital and in the economy and governance as well. Most of the social capital variables and some of the others reach their maximum possible levels. The entire society benefits from the economic growth process and social cohesion increases. The Vision and Strategy says this scenario is typified by the present-day sub-sector of safflower production, in which there are strong and equitable linkages in the production chain between family producers of the oilseed and small-scale presses that extrude and market the oil. Health care coverage is widened substantially, with a notable strengthening of infant and maternal health services and vaccinations, many more people have access to education, citizen participation in decision making increases, and

economic growth accelerates. The Vision and Strategy points out that the Agenda 2025 group itself exemplifies the social dynamic in this kind of scenario. Groups with different backgrounds, life experiences and interests have come together to develop shared principles and reach a consensus on the realities and potentials of Mozambique.

## 4.2 *The Preferred Scenario*

The bee scenario is adopted as the desirable scenario and chapter IV develops the strategic orientations, in each major area of public policy, which would be needed to make the scenario come true. The chapter is very clear about strategic orientations of national development policy. In overall terms, it emphasizes (p. 74) that growth should be widely shared in the population and sustainable, and that it should contribute to reducing poverty. Also, Mozambique should continue to be linked into the global economy and pursue an open trade policy, although in the view of Agenda 2025 globalization presents both threats and opportunities. The country's strategy should promote export sectors, for their employment creation as well as balance of payments benefits, and economic expansion should be based on comparative advantage (p. 74).

According to the *National Vision and Strategies*, the seven pillars of national development policy should be:

- Adopting a growth-oriented macroeconomic policy;
- Promoting agricultural and rural development;
- Programs to help Mozambican enterprises achieve competitiveness.
- Fostering an orientation in the financial system that would facilitate medium-term and long-term productive investments on concessionary conditions.
- Substantially improving the country's infrastructure and maintaining it operational.
- Encouraging the formalization of the informal sector.
- Promoting actions that exploit the country's comparative advantage.

The Vision and Strategy also stresses the need to foster a culture of savings and investment, to improve public sector administration and the management of external assistance, and to improve the capabilities of Mozambican entrepreneurs. It devotes considerable space to the need to encourage and assist this first generation of Mozambican entrepreneurs to become more competitive. (It should be mentioned that the Vision and Strategy develops more detailed policy orientations on most topics in Chapter VI.)

In the area of macroeconomic policy, the Vision and Strategy proposes changes of emphasis with respect to current policies:

- “The road to lasting stabilization passes through reductions in the fiscal deficit and reductions of the costs that the bureaucracy imposes on the private sector . . . . [It should be emphasized that] the sustainable path to stabilization could take more time in lowering inflation to the desirable levels but in the meantime [deliver] the benefit of greater growth and job creation and consequently greater reduction of poverty” (pp. 74-75).
- That employment creation should be elevated to the level of inflation control as a goal of macroeconomic policy.
- That a return to high real interest rates should be avoided and concessionary finance provided to help Mozambican entrepreneurs get on their feet.

In other words, the Vision and Strategy’s position is that a more expansionary macroeconomic policy may be necessary for success in poverty alleviation, and that stabilization should be gradually achieved through measures such as improved fiscal revenue collection rather than abruptly through highly restrictive monetary policies. “The restrictive programs that consider only financial variables are not sustainable by themselves alone because they do not guarantee social stability and could even provoke social instability” (p. 75). And to this end “It is essential to maintain a permanent coordination of monetary policy with fiscal policy” (i.e., do not try to offset fiscal deficits with tight monetary policy).

The *National Vision and Strategies* expresses confidence that there is “a certain margin for negotiation” with the Bretton Woods institutions in this area (p. 75), as demonstrated by the agreements on the sugar sector and in spite of the unfortunate consequences of international agencies’ conditionality for the cashew sector. The PARPA differs in the area of macroeconomic policy, positing the containment of inflation to single digit levels as the main objective of fiscal and monetary policy (p. 76). It cites the need to reduce internal and external imbalances in support of restrictive macroeconomic policies. The two documents coincide in regard to the need to emphasize mobilization of more fiscal revenue and improve public administration. Both documents call for a policy of maintaining a competitive exchange rate, although perhaps the Vision and Strategy may be more willing than the PARPA to do this at the cost of slightly more inflation in the short and medium run.

In terms of productive sectors, the Vision and Strategy foresees (p. 76) that Mozambique’s growth will be based primarily on:

- Rural development centered on organization of communities and markets;
- Increases in agricultural employment and productivity as well as the promotion of agro-industry;
- Development of projects and programs that increase output in areas and sectors in which Mozambique has a comparative advantage, namely,
  - Rail and port facilities that serve hinterland countries and take advantage of the country's strategic location on the Mozambique channel;
  - The water and energy sectors, especially hydropower, coal and natural gas;
  - The mining sector;
  - The tourism and ecotourism sectors along the coast, on Lake Nyassa and on the Cahora Bassa reservoir.

In the area of agriculture and rural development, which is considered to be crucial, Agenda 2025 proposes the following strategic orientations (p. 77):

- Improving agricultural marketing channels;
- Promoting agro-industry;
- Making the process of obtaining titles for land use more rapid, reliable and transparent;
- Improving the efficacy of agricultural research and extension so they can respond to the immediate needs of farmers;
- Emphasize extension and use of improved seeds to increase productivity;
- Provide incentives for production, storage and packing, and export of products from agriculture, livestock and fisheries.

The PARPA's priority areas of action for agriculture and rural development largely overlap with this list. The PARPA, like the Vision and Strategy, also stresses dependence of agricultural growth on supporting actions outside the sector, including improvements in transportation and communications infrastructure, in education, and in health, and the development of a rural financial system. In terms of policies, the PARPA places emphasis on guaranteeing rights of access to land (and registering them), improving marketing, improving the extension system, strengthening agricultural research and integrated pest management, increasing access to improved seeds, improving post-harvest management, restocking livestock

herds and improving animal husbandry, building small-scale irrigation systems and training producers in their management, supporting the development of micro-finance institutions, and modernizing the Ministry of Agriculture and Rural Development (pp. 64-70).

The Vision and Strategy develops some of these topics also in Chapter VI and adds others, such as support for forming producer associations and cooperatives, introducing competition in the coastal cabotage sector, strengthening norms related to product quality and food safety, and helping identify differentiated product markets for selected crops and their derivatives.

The PARPA is more specific in its recommendations for measures in the areas of animal husbandry, agricultural research and extension,<sup>24</sup> seed development, the land registry system, and the modernization of the Ministry. The Vision and Strategy would add actions in the area of agro-industry. Also, it would provide incentives for investment, production, storage and packing, processing, and export of products of farming, fishing and livestock raising. The two documents differ in their approach to agricultural finance, as a result of their orientations toward development finance in general. This issue is discussed later in this report.

The Vision and Strategy urges better urban administration, including aspects related to keep the environment as clean as possible, and an adequate housing policy. It strongly emphasizes the strategic orientation of making Mozambican enterprise more competitive, and asserts that the State has a role to play in supporting efforts to become more competitive and improve the quality of products. Among the types of measures suggested are accelerating the registering of property, guaranteeing rapid registry of informal sector businesses, change labor laws to ensure more flexibility, and reviewing and revising laws relating to rentals, immigrant labor, and the contracting of national and international technical experts. It also urges the reduction of the excessive bureaucratic and administrative costs that the government imposes on the private sector and better regulation of prices set by monopolies and oligopolies.

The Vision and Strategy proposes measures to clean up the financial arrears in small and medium enterprises and keep real interest rates at modest levels. It would appear to be proposing (p. 79) the creation of a special fund to assist in training entrepreneurs and providing them with investment finance. In this regard, it is worth noting that El Salvador the private foundation FUSADES<sup>25</sup> has offered a month-long training course in business management

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<sup>24</sup> Although, on the basis of world-wide experience, its recommendation to strengthen the vertical structure of the extensión system, instead of emphasizing participatory extension approaches, can be questioned.

<sup>25</sup> Fundación Salvadoreña de Desarrollo Económico y Social.

for small-scale entrepreneurs plus access to a loan for making investments, if desired, upon completion of the course and preparation of a business plan. About half the trainees declined the offer of the loan, saying that the training was sufficient to enable them to run their businesses more efficiently. In Estonia, the government maintained a special fund for investments in agriculture, to help support the transition to a market economy.

In the area of finance, the Vision and Strategy states very clearly (p. 79) that there is a need for special credit lines for productive activities considered too risky by private banks (a category that includes much of agriculture) and a development bank that would emphasize agriculture through financing acquisition of technology, training, and market studies and research. In this area, the Vision and Strategy diverges from the orientations of the PARPA. It also argues for more vigorous promotion of partnerships between domestic and foreign investors

Infrastructure, especially transport and communications, is a major concern in the *National Vision and Strategies*, and it underscores the need to ensure adequate maintenance of infrastructure. It comments on the costs of inadequate maintenance, including reduced infrastructure services, shortened lifetime of the works, and the need for new investments in rehabilitation.

In the arena of international economic relations, the Vision and Strategy indicates that fuller integration with SADC is a highly appropriate route for Mozambique, and that in this light it is even more imperative to “create structural funds to support the industrial and commercial [enterprises] of emerging national entrepreneurs” (p. 82).

Chapter IV in the *National Vision and Strategies* is generally very well written, clear and compelling yet based on reality, and the section on governance is also strong, both in this chapter and in the more specific treatment in chapter VI. In chapter IV the governance section begins by laying out and explaining the main foundations of good governance: participation, transparency, accountability, efficiency, impartiality, and the primacy of law. It then discusses how lack of good governance can hold back development, and discusses the main requirements for democracy to function well. Some of the Vision and Strategy’s main thrusts in the governance area include structural changes in public institutions; raising the level of civil servants; improving public services; shortening the time required for licensing, titling and other procedures; reforming labor regulations so that they do not discourage hiring of technical staff and so they do not encourage corruption; broadening the fiscal revenue base so that it does not continue to penalize firms in the formal sector; make revenue collection procedures more efficient and fair; decentralizing fiscal responsibilities, and strengthening the judicial system.

The orientations of the PARPA are similar in the area of governance, though they are expressed in the form of an action plan. In addition to the main concerns in the area of governance, the PARPA singles out the need for transparency, fairness and respect for the environment in the granting of concessions for exploitation of natural resources, along with the need to strengthen protection of frontiers and maritime zones (p. 74).

## 5. The Vision and Strategic Options of Agenda 2025

In its two pages chapter V contains what is in effect a Magna Carta of economic and social development policy for Mozambique. It is an all-encompassing vision of where Mozambique should be in 2025, drawn up on the basis of the work in the previous chapters of the *National Vision and Strategies*. If there existed a constitutional court to judge legislation and policy measures on whether they fulfilled the mandate of the national strategy, it would be hard to imagine a better foundation document for such a court than these two pages.

It is of course designed as a motivational piece, easily disregarded if presented alone, but it is backed up in the Vision and Strategy by considerable detail in regard to policy orientations. Of the 27 provisions in this Magna Carta, in addition to the expected calls for access to health and education and employment opportunities for all, respect for the environment, gender equality, etc., it perhaps worth calling attention to the following dimensions of the vision of a future Mozambique (pp. 88-89):

- “A country proud of its history and culture in which ethnic and cultural diversity is valued and respected.”
- “A country in which children are born and grow up radiant and healthy in a family environment, secure and without fear.”
- “A country in which the leaders are committed to the overall interests of the Nation and the progress of the country.”
- “A country in which participatory consultations are carried out on a regular basis.”
- “A country with capable, efficient, decentralized, transparent and stable governance which preserves institutional memory and has an elevated capacity for the formulation and implementation of policies.”
- “A country in which the separation of legislative, executive and judicial powers is respected.”
- “A country in which the State is a promoter of development and well-being [of the citizens] and fulfills the role of a credible supervisor and regulator [to] facilitate and stimulate competition in the private marketplace.”



- “A country in which the State, in order to give concrete meaning to a Constitutional principle, guarantees and regulates Mozambicans’ access to and use of land and promotes its efficient allocation.”
- “A country in which contracts and commitments are respected.”

Obviously there would be a very long way to go to fulfill this Elysian vision in any country but, in the words of the Vision and Strategy, it is a lighthouse for illuminating the future course the country should take. In a society that has just begun to cohere and function as a whole, it is valuable for educational purposes to have a constructed, share vision of future directions for the country.

Chapter VI “delineates the principal actions to a realization of the Vision, to overcome the weak points identified [in the analysis], taking into account the threats the country faces and its opportunities.” It is a further development of the policy framework of the bee scenario that was outlined in Chapter IV, and it is sufficiently specific to form the basis for a implementation plans and, where necessary, new legislation. The chapter is structured in sections following the same pattern as before: human capital, social capital, economy and development, and governance.

### ***5.1. Human and Social Capital***

In the area of *human capital*, the chapter puts special emphasis on: universal primary education with special attention to increasing the enrolment of girls, improved secondary education, community participation in education, adult literacy training, better teacher training and, given the prevailing conditions of the labor force, strengthened vocational training in all parts of the country.

The concrete measures for education (pp. 97-101) include, among many others:

- Policies for the demand side of education as well as the supply side, by providing poor families with special incentives for girls to attend school and by providing school meals.<sup>26</sup>
- Programs of pre-school education including educational child-care facilities in companies.
- Attention to curriculum development, allowing for appropriate local variations and elements related to present-day conditions while respecting core national components. The curricula should also teach

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<sup>26</sup> Brazil and Mexico have noteworthy programs of providing subsidies to poor families on the basis of school attendance.

about local policies and administrative procedures and matters such as methods of land allocation.

- Educational programs for children with special needs.
- Ensuring that school facilities up to tenth grade exist in every district.
- Involving communities in administrative decisions of local schools and in constructing classrooms and helping defray costs of equipment and instruction.
- Involve in classroom activities professionals from outside the teaching sphere, persons such as local religious leaders, entrepreneurs, doctors, politicians, labor leaders, poets, artists, artisans, etc.
- Improve teacher selection and training in all phases, including stronger links between teacher training institutes and universities.
- Including in adult literacy training materials relevant to agriculture, industrial and office work, artisan work and other occupational themes.
- Ensure that a polytechnic university for vocational training is established in each province and found special schools for developing artistic talents. In technical and vocational training ensure that the curriculum is frequently updated to reflect the needs of the labor market.
- Give special support to education in sciences and technology through a rather extensive list of measures and emphases.
- Emphasize learning about moral and civic values.
- Diversify the funding sources and forms of education, encouraging private, religious, civil society and other sources of funding and management of schools, with regular procedures for evaluation on the part of national educational authorities.

Education also is one of the priorities of the PARPA and the two documents have considerable overlap in this area. However, the PARPA does not suggest measures on the demand side of education, in order to stimulate school attendance by children from poor families, nor does it propose the communities and working professionals in schools and a diversification of funding sources and types of schools. In the area of special education, it calls for rehabilitating four schools and building three. On the whole, it tends to concentrate on setting up numerical targets (e.g., “train 100 voluntary literacy teachers per year”) and yet some of the measures are rather general for an action plan (such as, “Strengthen the school inspection service”).

Health is another central theme in the *National Vision and Strategies*. The recommendations are extensive, covering the financing of health services,

expansion of the coverage of the national health network, the role of traditional medicine, control of HIV/AIDS and other epidemics, supply of and access to medicines, and the training of health workers. Of particular note are the following proposals (pp. 93-97):

- Recognize the role of midwives and traditional health approaches such as homeopathy, acupuncture and others, and formulate a policy to support them.
- Expand the network of health centers and maternity wards, and endow each district capital with a rural hospital, beginning with the districts that are most important economically or demographically.
- Improve the provincial hospitals with better equipment, more highly trained personnel, and a more complete supply of medicines.
- Improve the quality of central hospitals and convert them to research and teaching hospitals also.
- In regard to financing the health system—
  - Involve the private sector and civil society in the financing of the national health system, through health insurance programs and through direct payment of part of the costs of medical services.
  - Guarantee a continuation of the international community's support for Mozambican health programs and provide incentives for the private sector and NGOs to participate in those programs.
  - In the case of more peripheral health posts, such as those in workplaces, local health centers and maternity facilities, allow them to be built and administered by municipal councils, firms, and other private entities that can guarantee their proper functioning. The State would provide technical support and would define programs, and provincial and central hospitals would assist in the areas of teaching and research, but the approach would be to diversify sources of health services and eventually utilize private concessions for them.
  - In regard to HIV/AIDs, the Vision and Strategy suggests a nine-point program that includes preventive measures, voluntary testing, treatment programs, research, and support to families affected by the epidemic and orphans. (Recent evidence suggests, however, that voluntary testing may be

insufficient in some circumstances and in those contexts it should be made mandatory.)

- Similarly comprehensive programs are proposed for tuberculosis and malaria.
- The State should continue to subsidize the costs of essential medicines, their acquisition should be managed centrally at provincial levels, and support given to facilities for producing some essential medicines within the country.
- The Vision and Strategy underscores the importance of strengthening programs for training health professionals and for creating conditions to retain them in the profession. Its goal is to have, by 2025, facilities in each district hospital for training in basic health treatments. The higher level training should take place not only in Maputo but also in Beira and Nampula.

Health is also a central theme in the PARPA. It overlaps the Vision and Strategy in this area with the significant omission of measures to strengthen the financing of health care. As in other areas, the PARPA is less specific about measures and policies, preferring to mention targets, without offering suggestions on how the targets will be achieved. For example, for women's health it says, "Reduce the institutional mortality rate to < 100/100,000 live births," (p. 51) and for child health care it says "Raise the rate of first consultation for children between 0-4 years from 60% to 68%" (p. 52). For health care for youth it says, "Train personnel to work with adolescents in Family Planning, complications arising from abortion, and the prevention and treatment of HIV/AIDS" (p. 52).

In the area of diarrhoeal diseases the PARPA's recommendation is to "Promote better coordination and more effective implementation of health activities targeting children, contributing to a reduction of the mortality rate of children below 5 years" (p. 53). For confronting the challenge of tuberculosis, the PARPA's "measures" include "operate services to . . . achieve a success rate of at least 75% in the treatment of new confirmed cases of tuberculosis" (p. 53). However, in an action plan normally the measures specify *how* to achieve the targets. In the area of HIV/AIDS also, the Vision and Strategy is more specific than the PARPA about what should be done.

In addition to the discussions of education and health issues and policies, the *National Vision and Strategies* also puts forward a number of recommendations for strengthening the country's *social capital*. Many of them are rather general but a number of them are more specific. They include, to mention only a few among many,

- Forge links between the modern and traditional systems of citizens rights. And “consecrate in Mozambican legislation traditional practices that do not contradict human rights.”
- “Scrupulously respect the terms and conditions of public bidding and publish the results.”
- Make public the results of official inquiries.
- “Guarantee the right to occupy land, decentralizing the process of access to and possession of land to communities and to the family sector.”
- Revise laws that discriminate against women.
- Educate citizens in their basic rights and duties and develop a legal aid network for citizens.

The PARPA does not touch upon the area of social capital, but it can be considered an integral part of any strategy to reduce poverty.

## ***5.2. Economy, Development and Governance***

The discussion of chapter IV already has mentioned some of the basic orientations of the *National Vision and Strategies* in regard to the theme of economy and development. This part of chapter VI is vital to the overall vision and strategy, but it is extensive and detailed, and no summary can do it justice. What follows is a brief outline of some of its central elements, some of which came up earlier, without pretending to be comprehensive.

In the area of macroeconomic policy and its linkage to micro policies:

- A solid fiscal policy with strict controls on fiscal management and on internal and external indebtedness.
- A monetary policy that maintains inflation under control but without prejudicing levels of employment and real salaries.
- An exchange rate policy that stimulates growth.
- Strict supervision of the financial system to maintain its credibility.
- Stronger regulation of public and private monopolies, especially those in the area of public utilities.

With regard to rural development:

- Programs to train and assist farmers in meeting higher product quality standards, including food safety standards and contractual requirements on delivery times.

- Assurance of swifter and more secure procedures that involve titling rights to land use.
- More investment in agricultural technology and seed production, participatory agricultural extension, and more qualified personnel in research, extension and farm administrative.
- Development of both rural finance and micro-finance.
- Improved transportation and communications infrastructure.
- Support the formation of producers associations for engaging jointly in agricultural service activities.
- With the involvement of the private sector, ensure an efficient extension service, development of irrigation systems, and maintenance of infrastructure including tertiary inter-district roads.
- Introduce competition along coastal cabotage routes.
- Facilitate the transfer of land use rights to third parties.
- Apply rigorously the land law in the sense of taking away rights to use land when the projects for which they were approved do not materialize.
- Assist in the identification of markets for specialized agricultural products.
- Construction and maintenance of rural access roads and rural electrification.
- Make financing available for new production technologies for products with comparative advantage and which do not damage the environment.

In the area of entrepreneurial development:

- Through universities and institutes, offer courses to bring entrepreneurs up to date in regard to management and leadership. The courses should be of short and medium duration.
- Provide financial support to improving the competitiveness of entrepreneurs participating in exports and assist their marketing efforts.

In regard to infrastructure:

- Give a much higher priority to maintenance of infrastructure.
- To the extent feasible, use labor-intensive methods of construction of infrastructure.

- Involve the private sector much more in the construction and operation of infrastructure.
- The Vision and Strategy proposes specific priorities in regard to construction and improvement of roads, rail lines, port facilities, airports, energy development, communications, and water and sewage facilities.

A major concern of the *National Vision and Strategies* is that inflows of foreign investment have gone largely to mega-projects that are not very employment intensive, are potentially harmful to the environment, and which repatriate abroad a significant share of the profits. At the same time, a very substantial share of domestic small and medium scale firms have had to close up shop. Hence in the policy arena, the document is concerned to link large foreign-funded projects more closely to smaller national enterprises, to use employment generation criteria for screening potential large-scale investments, and to ensure that the macro-monetary and trade environments are conducive to the flourishing of national small- and medium-scale enterprise. The need to improve productivity and reduce the costs of bureaucracy is fully recognized, but the *National Vision and Strategies* highlights the importance of the policy framework as well.

In regard to the role of the State, as emphasized throughout the Vision and Strategy, this chapter stresses that government needs to be reformed to be more efficient and to become imbued with a service orientation toward citizens, and transparency and fairness come to characterize government services. The document recommends several specific measures toward this end, including competitive salaries for civil servants; wider use of information technology in government; a one-stop window for processing expeditiously all licenses and documentation for firms; a requirement that all applications from the public that are not acted upon within a specified length of time be automatically declared approved; publication of all government decisions, terms of reference for public bids, and projects above a certain value; and a requirement for review and approval by an administrative tribunal of all contracts over a specified value (pp. 113-114).

The *National Vision and Strategies* affirms that the State has “a vital role in promoting development” and during a transition period it will have to assume the role of promoter of activities for which the private sector is still not equipped to fully carry out its functions. By the same token, it adds that the State should assist the private sector to improve its financial and technical solidity.

As mentioned earlier, the PARPA also is concerned with strengthening private enterprise in Mozambique. Its recommendations are more general and go along the lines of reviewing and revising the labor code and commercial code and to develop a strategy for public enterprises. The *National Vision and*

*Strategies* does not spell out a policy for public enterprises, so neither document is specific in that area. The *National Vision and Strategies* is more concrete in regard to modifying the labor law, stating that (p. 116) contracting national and foreign technical experts should be made easier, and that other reforms to the law should be directed at making Mozambican firms more competitive and encouraging employment creation.

The Vision and Strategy discusses at considerable length the need to support the growth of small and medium enterprises, for example, providing them with financial and technical assistance (through a fund established for that purpose) and writing off debts that have become unpayable because of the war, natural disasters and the drastic change of economic regime (understood to mean, among other things, very high real interest rates for several years). It also urges the development of mechanisms to require and encourage linkages between foreign-financed mega-projects and domestic small- and medium-scale firms.

As mentioned above, the Vision and Strategy is quite firm about the need for a Development Bank (pp. 116-117) in order to fill part of the gap in financial markets, especially in rural areas, left by commercial banks. It would be a second-storey institution specializing in medium- and long-term credits, and it would cater especially to the needs of poor rural families while emphasizing projects that catalyze technological innovations and production for new markets. Because it would be involved in financial markets that are inherently riskier than average, it would be required to have a higher capital/asset ratio than commercial banks. Part of its funding would come from international donors.<sup>27</sup>

The Vision and Strategy also foresees a role for a credit guarantee fund to encourage commercial banks to lend to productive activities they otherwise would consider too risky. By the same token, it proposes the carefully calibrated use of transitional subsidies for poor families, for compensating environmental externalities and natural calamities, and for technological transition of firms. It states clearly that short-term credits should not be subsidized in any way, so as not to discourage the development of private financial markets. Legalization of the informal sector is another of its emphases, along with decentralization of government services.

This conception of the role of the State in catalyzing the private sector and promoting the transition to a more competitive economy is proposed in large part as a path to the sustainable creation of employment and reduction of poverty. Nevertheless, it carries the Vision and Strategy well beyond the policy framework of the PARPA.

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<sup>27</sup> It should be pointed out that there are a number of examples of such banking institutions in developing countries. A notable example is FINAGRO in Colombia.



Some principal thrusts of the *National Vision and Strategies* in the area of governance have been largely summarized in previous comments in this report. It should be reiterated that Agenda 2025 views reforming government as essential to the country's progress. The extended section on governance in chapter VI includes new ideas about strengthening democratic processes and institutions and places emphasis on decentralization, measures to ensure the public's access to information, and institutional strengthening within the government. An example of the policies proposed is measures to guarantee compensation to damages caused by actions of government agencies (p. 122), raising salaries in the judiciary, and a system for oversight of judicial decisions. In the area of democracy, in a long and thoughtful section it suggests, among other things, initiating a national dialogue on the possibility of smaller electoral constituencies, to replace the party list system at the provincial level, with the aim of making Parliament more representative, and having the Prime Minister selected by the party with a majority in Parliament. It also suggests the option of creating a council of outstanding persons from all areas and professions to advise the President. These are vital national issues and the discussion of them goes well beyond the scope of the PARPA.

In its concluding Chapter VII, the *National Vision and Strategies* looks ahead and encourages Mozambicans to use the document as a basis for widespread national dialogue in order to arrive at a strategy supported by a broad consensus. This final version would be a programming document for external assistance agencies as well as a strategic plan for government actions. The chapter proposes the establishment of an independent agency to monitor and evaluate progress in implementing the Vision and Strategy.

## 6. The Vision and Strategy and the PARPA: Enhancing Poverty Alleviation Efforts in Mozambique

### 6.1. *The Approaches of the Two Documents*

The PARPA and the *National Vision and Strategies* have different origins, purposes and scope, but there is considerable overlap in their coverage and content. The *National Vision and Strategies* is the result of a long process with extensive and continuous participation of representatives from all parts of the country. It is an independent product of Mozambican civil society although the government has endorsed the effort. Its principal aim has been to develop a national vision that all major segments of society could subscribe to, and to outline a policy framework that would help move the Mozambican economy and society toward fulfillment of that vision. Its scope has been wide, covering all areas of principal concern. Its planning horizon extends out to 2025, and many of its proposed reforms would indeed require continuous implementation efforts for many years.

The PARPA has a medium-term planning horizon of five years. It also is the product of a consultative process in which many Mozambicans participated (see PARPA, pp. 99-102), but the time for drafting the first version was more compressed than the time allowed for development of the *National Vision and Strategies*. There are differences between the two documents in regard to the manner in which they were developed. The Vision and Strategy was drafted by a large team of Mozambicans from outside the government, in full and frequent consultation with representatives from all parts of the country. Those participating in the process held fortnightly debates on national issues and for this reason the document also reflects more fully the current concerns of Mozambican opinion leaders than the PARPA does. The PARPA was drafted by a technical group in the government, using as a core element an economic model lent by international development funding organizations.

The *National Vision and Strategies* is very much the product of Mozambican initiative and clearly enjoys Mozambican “ownership.” It is unique in Mozambique’s history and it can fairly be said to be a national document that crystallizes the views of many leaders in civil society. The Head of State and the leader of the main opposition party already have declared publicly that it represents the appropriate vision of Mozambique’s future. For a country with a short history of independence, and the national traumas Mozambique has endured, it is very valuable to have a national vision and strategy supported by a broad consensus. The consultations carried out for it were far broader and deeper than those for the PARPA.

For the PARPA consultations were carried out in at most three of the eleven provinces, and participants were asked their opinions about a draft already drawn up by technicians. The consultations did not penetrate down to the district level, as did those for the *National Vision and Strategies*. An especially important difference is that the *National Vision and Strategies* was submitted to debate (and unanimously approved) in Parliament whereas the PARPA was not.

Having said this, a sense of national ownership of the PARPA undoubtedly is present to a degree at least, especially in the government. However, other countries’ experiences with PRSPs would suggest it is possible that national ownership is less than complete simply because formulating the document has been a requirement of international agencies, and they have to give it their seal of approval as a condition for the disbursement of development funds.<sup>28</sup> Less than full national ownership does not lessen the

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<sup>28</sup> On this point, see the author’s “Development Cooperation Processes: Issues in Participation and Ownership,” presented at the Development Cooperation Forum, The Carter Center, Atlanta, Georgia, February 22, 2002.

potential value of a PRSP but it is likely to mean that a greater effort is required to implement it.

In regard to coverage, the *National Vision and Strategies* is the more comprehensive of the two documents, especially in areas such as social capital, governance and consolidating democracy. It is also the more concrete of the two in regard to its policy recommendations in many areas, in spite of dedicating considerable space to the elaboration of an all-embracing vision. The PARPA, on the other hand, specifies useful operational targets in many areas that can be used as benchmarks of progress for evaluating implementation efforts.

The PARPA's title contains the words "Action Plan" and that, in combination with its shorter planning horizon, would tend to suggest that the PARPA could be an operational plan for some areas of the broader Vision and Strategy. However, in many cases the PARPA's "measures" need to be given more concrete interpretation before they can be accepted as an action plan or implementation plan. For example, in one area of governance the PARPA suggests the following measures: "Strengthen the institutional capacity of the General Inspectorate of Finances," "Institutional strengthening of the Administrative Tribunal," "Institutional strengthening of the State's administrative inspection services," etc. Often the document employs the words, in its recommended measures, "strengthen" and "promote" without saying how that is to be accomplished. It is a rule of policy work that action plans should not use such word without accompanying them with specific policy proposals.

In the area of policies for poverty reduction, as the earlier comments in this report have illustrated, the *National Vision and Strategies* adopts a more holistic approach rooted in the country's culture and history and in extensive participation in the development of the proposals by Mozambicans from all walks of life. It is at the same time more comprehensive and more concrete than the program presented in the PARPA, although there is considerable overlap between the two.

## **6.2 *Towards Poverty Reduction Policies for Mozambique***

By now the differences between the PARPA and the *National Vision and Strategies* are evident. What also should be stressed is that they both make valuable proposals for the vital challenge of reducing poverty in Mozambique. Extreme poverty is already falling, but poverty is still very widespread, particularly in some parts of the country, and average per capita incomes in the capital are more than ten times their level in some provinces. Hence a clear, integrated approach is needed that commands wide national support. To this end, the best elements of both documents should be combined in an integrated approach to poverty reduction.

The foregoing comparison of the two documents makes it clear that the PARPA is not constructed in a way that it could represent a national development strategy. The Vision and Strategy is a very good draft of such a document and in fact has been accepted as the national strategy by the nation's leaders. However, even though its development has been faithful to the World Bank's Comprehensive Development Framework (CDF) principles, it has not yet been adopted as a basis for programming foreign economic assistance by international development agencies. Experience has shown the value of the CDF principles and that (as in the Honduran case mentioned above) external assistance is effective when it is conditioned upon *implementation of a country's own development strategy*.

In this light, future steps that would appear to be constructive would be:

- 1) Since the Vision and Strategy has been endorsed by Parliament, carry out a review of its major elements with a roundtable of donors for the purpose of reaching agreement on all major areas of policy reform. It might be necessary to set up preliminary roundtables by sector or topic, and then bring all components together in a final roundtable.
- 2) Agree on a framework for action plans in each area and on procedures for monitoring implementation of the Vision and Strategy, including the role of civil society and international donors in such a process.
- 3) Develop the action plans, taking care to define priorities and combining the best elements of both the PARPA and the *National Vision and Strategies*, filling in gaps where needed, and linking the action plans to multi-annual investment plans and current government expenditure plans, with specification of the contributions of international donors. The PARPA's original time horizon was 2001-2005, so next year official evaluation and revision of it should be scheduled. Thus there will be an opportunity soon to seek ways to integrate the two documents.
- 4) Monitor the implementation process and revise the Strategy and develop new action plans at regular intervals. Find an appropriate way to institutionalize the role of civil society in this process.

In step 1) above, some salient differences of approach between the PARPA and the *National Vision and Strategies* will have to be sorted out. This will require flexibility on the part of international institutions and a willingness to recognize that there is more than one valid macroeconomic policy for a developing nation. The *National Vision and Strategies* makes a strong case that development-oriented macro policies are essential to the poverty alleviation effort. Its recommendation for utilizing both employment and inflation goals in the definition of annual monetary programs has precedent in past decades in industrialized nations, so there is no *a priori* reason why this step could not be

taken in a developing country, especially given the vital importance for poverty reduction of employment creation. Similarly, second-tier development banks have many precedents in the developing world.

The *National Vision and Strategies* makes a compelling case for raising government and judicial system salary levels (while presumably reducing staffing levels), as part of the drive against corruption and in order to have more efficient public services that support the private sector instead of penalizing it. Potentially this could require directing some of the donor support to this area for a transitional period of several years while revenue collection efforts are strengthened. Again, this suggestion is not without precedent. In the 1960s and 1970s many countries of Latin America and Asia had sufficiently attractive public sector salary scales to bring in some of the countries' best talents. Development efforts have tended to neglect the need for a strong (although small) public sector in recent years, while at the same time decrying corruption and inefficiencies.

As discussed above, other differences in orientation between the Strategy and the PARPA include the role of the State in stimulating productive sectors, the Strategy's emphasis on strengthening democracy, governmental transparency and social capital, the need to review and strengthen financing mechanisms for health services, the need to stimulate demand for education especially in rural areas as well as supply of educational services, the importance of diversifying suppliers of education and involving communities in school management, and the need to link mega projects with Mozambican small businesses.

These and other issues could be sorted out. It would be important to have all major donors and NGOs participate in the process. If necessary, independent panels of international development experts could be convened to help moderate the process. The experience could be vital for Mozambique's development and could be a useful precedent for other countries as well.