

# Agenda 2025

The Nation's Vision and Strategies



**Committee of Counsellors**

November 2003 • Maputo-Mozambique

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The Agenda National Council

# The Nation in First Place

## Statement of Commitment

25 June 2001

At the Ceremonial Lounge of Maputo City Municipal Council, on 25 June 2001, the Committee of Counsellors (CoC) of Agenda 2025, in presence of the Head of State and before the Nation, issued the following Declaration of Commitment:

“By celebrating the National Independence, our Motherland celebrates the unity of all Mozambicans irrespectively of their ethnic background, race, gender, social, cultural or religious origin, and political choice. By promoting the principles of unity and national reconciliation, Mozambique plans a future of peace, stability and progress for the whole of its people, and undertakes co-operation with countries and peoples from all over the world. Meeting these principles, on 25 June 2001, the Head of State launched an initiative whereby all Mozambicans should jointly reflect over the Country's future in the next 25 years and formulate a national vision and national strategies.

In this sense, and expressing the feeling of political party leaders, members of parliament and the society that the Country needed a national vision to lead us to 2025, here we are, before High Dignitaries and before the Nation, establishing the Committee of Counsellors, which intends to promote and guide the formulation of the National Agenda 2025.

Together with other fellow countrymen, we will create the Agenda National Council, comprising citizens and representing all political, academic, religious, economic, social, and other sensitivities, which will reflect the collective will and thought of Mozambicans from the various areas of our country.

Agenda 2025 is an exercise that will, through a deeply inclusive and participatory dialogue, outline the main consensual field lines. For the National Agenda 2025 to be the product of the people as a whole and to incorporate the essence of what we intend to become in forthcoming years, we call upon all the living forces in the society to provide their best possible input to overcome the delay, poverty, illiteracy and asymmetries, and to build the material and spiritual well-being for all Mozambicans.

In this solemn event, the Committee of Counsellors takes up the commitment of devoting all its knowledge and energy to undertaking the noble and patriotic duty of introducing the National Agenda 2025 to the Country, with the involvement of public and private institutions and the whole Mozambican people, from Rovuma to Maputo».



# Characterisation of Mozambique

Mozambique is washed by the Indian Ocean along approximately 2,800 km of coast. It has a land border of about 4,330 km with Tanzania, Malawi, Zambia, Zimbabwe, Swaziland and South Africa. The surface of the territory is about 799.380 km<sup>2</sup>. The total population exceeds 18 million inhabitants (Table 1), distributed by 10 provinces and the city of Maputo, 128 districts, 394 administrative posts, 1,072 localities and 10,025 villages.

Due to geographical, economical and historical reasons, these provinces are distributed by three major regions: the Northern Region, comprising the provinces of Niassa, Cabo Delgado and Nampula; the Central Region, with the provinces of Zambézia, Tete, Manica and Sofala; and the Southern Region, which includes Inhambane, Gaza, Maputo Province and Maputo City.

The climate is determined by the Indian Ocean monsoon and the warm current along the Mozambique Channel. It is, therefore, a tropical climate with two seasons: wet and dry.

**Table 1: Population distribution by Region (1999)**

Region	Area %	Population %
Northern	37.00%	32.50%
Central	42.00%	41.90%
Southern	21.00%	25.60%

Source: INE

The most populated provinces in the Country are Nampula and Zambézia, with 38.2% of the total population. Approximately 68.8% of the population lives in rural areas, comparing to about 30.2% in urban centres.

According to the National Statistics Institute (INE) estimates, the overall population in Mozambique is of 18.083.000 inhabitants, of which 51.9% are female. The age structure comprises three major groups (Table 2):

**Table 2: Population age structure (2002)**

0-14 years old	15-64 years old	65+ years old
44.30%	53.00%	2.70%

Source: INE

Portuguese is the official language, which co-exists with various national languages of Bantu origin.

By the time national independence was proclaimed, illiteracy peaked at 93% of the population, while by 2001 that rate had been reduced to 56.5%, of which 74.1% were women. In rural areas, the illiteracy rate is 72.2% (of which 85% are women), while in urban areas the rate is 33% (of which 46.2% are women). Schooling rate has been on the increase (from 43.6% in 1999 to 62.6% in 2002).



In demographic, social and economic terms, one of the major threats to development is the dissemination of the HIV / AIDS pandemic throughout the Country, with a prevalence of about 12.2%. The dissemination of this disease brings about disastrous consequences for economic development, as it affects mostly adults in a highly productive and responsible stage of life, affecting teachers, nurses, physicians, high-rank State and company officials, students from all levels, etc.

Mozambique has a hydrographical network that could be a key factor for improving agricultural and livestock conditions, if water resources were properly used. Waterways are not usable at all or usable only for small draught boats, as is the case of Zambezi, Limpopo and Incomáti rivers.

The Country has good agricultural, agro-industrial, hydrological, mineral and tourism potential, as well as forest and marine resources and an excellent railway and port location within the Southern Africa geo-strategic space.

# Preface

This work is intended to be a guide for the development of Mozambique up to 2025.

After achieving independence in 1975, our Country trod difficult paths for defending its sovereignty, the fundamental rights of citizens, for affirming national unity and identity, and for promoting development of its people. Agenda 2025 is a unique opportunity for Mozambicans to celebrate with optimism, in Peace, Harmony and Solidarity, by 2025, 50 years of their existence as a Country, under uninterrupted economic and social progress.

Agenda 2025 is more than a national guide to address the set of problems related to development and is a pioneering initiative whereby a group of citizens representing the most diverse sectors of society prepared, in an independent, non-partisan and professional manner, a document with such a significance that is intended to become a benchmark for both rulers and the people, professionals, various civil society organisations and, in short, the whole Nation, as well as the co-operation partners.

Due to the lack of background in national long-term perspectives studies (NLTPS) in the Country, the exercise of preparing Agenda 2025 became a veritable national learning process whereby, through participation, inclusion and permanent dialogue for seeking consensus on the great challenges of the Nation, it was possible to identify the expectations of all Mozambicans concerning the future of the Country, which were focused on the pursuit of solutions and viable options for fighting poverty, indigence and illiteracy, on overcoming economic underdevelopment, on progress and sustainable development.

The expectations brought together in a spontaneous and genuine manner were at the basis of the studies that ensued, laid upon a logical strategic information matrix. Based on those studies, and more specifically on the situational analysis, it was possible to prepare possible scenarios for the future of Mozambique, taking into account that such scenarios should be the result of the objective situation, so that they could guide a shared national vision.

Such a reflection takes into consideration transformations that occurred and may occur in the Country, the Southern Africa region, which we incorporate, and the World, where globalisation has been dictating new relationship dynamics and rules between countries, economic and financial blocks, and even between cultures and peoples.

Each people has a right and an obligation to foresee a future integrating their expectations and dreams. This is what Mozambicans did throughout the Agenda 2025 preparation process. Thus, farmers, labourers, students, children, women, the youth and the elderly, scholars, experts, officials, clergymen, and other citizens expressed their ideas and suggested solutions.

It should be noted, however, that despite the Vision appearing as a key element for guiding expectations and dreams, it would remain dead letter if the development strategies, a vital instrument for materialising the shared national Vision under the desirable and realistic scenario, were not implemented.

The Agenda 2025 resulted from a process of dialogue and relentless search of consensus, laid upon a foundation of technical and scientific research. Thus, the Agenda 2025 integrates the Vision and the Strategic Options which, materialised in a pocket book, will enable each citizen to better face the challenges Mozambique will come across in the 21<sup>st</sup> century, dominated by the revolution in science and technology.

The Agenda 2025 formulation experience is, in fact, one of symbiosis of methodologies. This is the only experience in the world where an exercise of such magnitude was

prepared by such a diverse and comprehensive autonomous group, fully alien to the governmental context, albeit articulating with the Government and the political and party forces in a positive manner.

To each and all Mozambicans, and in particular to the young and future generations, we lay down the challenge of using Agenda 2025 in a creative and innovative manner, working harder and better, so that by the 50<sup>th</sup> anniversary of the National Independence, Mozambique has changed into an enterprising and successful country, to achieve a desired average level of development.

The Committee of Counsellors

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## Abbreviations

ACP -	Africa, Caribbean and Pacific
ADM -	Airports of Mozambique
AGOA -	African Growth Opportunity Act
AMECON -	Mozambican Association of Economists
ADB -	African Development Bank
BCM -	Commercial Bank of Mozambique
BIM -	International Bank of Mozambique
BPD -	People's Development Bank
BSTM -	Bank Standard Totta of Mozambique
BW -	Bretton Woods
CoC -	Agenda 2025 Committee of Counsellors
AEC -	Agenda 2025 Executive Committee
CEEI -	Centre of Strategic and International Studies
CFM -	Railways of Mozambique
CIAFA -	Inter-ministerial Committee for Support and Facilitation of Agenda 2025
ANC -	Agenda 2025 National Council
CPLP -	Community of Portuguese-speaking Countries
DFID -	Department for International Development (United Kingdom)
EDM -	Electricity of Mozambique
EP1 -	Primary Teaching of 1 <sup>st</sup> Degree
EP2 -	Primary Teaching of 2 <sup>nd</sup> Degree
USA -	United States of America
FADM -	Mozambique Armed Forces
FAO -	Food and Agriculture Organisations
CGF -	Credit Guarantee Fund
IMF -	International Monetary Fund
FRELIMO -	Mozambique Liberation Front and FRELIMO Party
HCB -	Cahora Bassa Hydropower Dam
HIPC -	Highly Indebted Poor Countries
HIV/AIDS -	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
DDI -	Direct Domestic Investment
DFI -	Direct Foreign Investment
INDE -	National Institute for the Development of Education

INE -	National Statistics Institute
ISRI -	Higher Institute for International Relations
LAM -	Mozambique Airlines
MADER -	Ministry of Agriculture and Rural Development
MDGs -	Millennium Development Goals
MISAU -	Ministry of Health
Mozal -	Aluminium of Mozambique
NEPAD -	New Partnership for African Development
NLTPS -	National Long-Term Prospective Studies
STG -	Agenda 2025 Sectoral and Theme Groups
WTO -	World Trade Organisation
WHO -	World Health Organisation
UN -	United Nations
OAU -	Organisation of African Unity
PALOP -	African Portuguese-speaking Countries
PAMA -	Rural market support programme
PARPA -	Absolute Poverty Relief Support Programme
GDP -	Gross Domestic Product
SME -	Small and Medium-sized Enterprises
UNDP -	United Nations Development Programme
PPPF -	Public, Private and Family sector Partnership
ERA -	Economic Recovery Programme
RENAMO -	National Resistance of Mozambique and RENAMO Party
SADC -	Southern Africa Development Community
SNS -	National Health System
TDM -	Telecommunications of Mozambique
ICT -	Information and Communication Technologies
T21 -	Threshold 21 Model
AU -	African Union
UDI -	Unilateral Declaration of Independence (Southern Rhodesia)
EU -	European Union
UEM -	University Eduardo Mondlane
UNICEF -	United Nations International Children's Emergency Fund
UP -	Pedagogical University
USD -	United States Dollar



# CHAPTER I

## The Preparation Process of Agenda 2025

### 1.1 Introduction

The Agenda 2025 has the objective of establishing new ways for driving development in Mozambique. The situation is particularly acute at the current stage, considering that Mozambique is among the poorest countries in the world, ranking 170<sup>th</sup> out of 175, in 2002.

Analysing the situation of Mozambique under the perspective of its performance in the various regional and continental bodies, it retains the status of a country with one of the lowest human development index within SADC, PALOP, and CPLP. As it may be inferred, the road ahead to reverse the current stage, which essentially characterised by worsening hardships and limited choices of access to a suitable living, is long and strenuous.

Mozambique, as a developing country, is directly affected by the impact of deliberations in the main financial organisations in the world. Poor competitiveness, together with the scarcity of adequate human resources, has become the unavoidable road to exclusion, notwithstanding the encouraging signs of sustainable economic growth in recent years.

The future development of Mozambique depends on the way the Country is able to exploit its resources, explore synergies and internal partnerships, as well as on the ability to take full advantage of the opportunities that regional integration and globalisation offer in terms of services and businesses. The reforms to undertake within the World Trade Organisation (WTO) concerning the access of products from developing countries to markets in the industrialised world will be relevant to countries exporting unprocessed raw materials.

Furthermore, it should be stressed that the proper co-ordination in the implementation of key programmes, such as PARPA, NEPAD and the Millennium Development Goals (MDG), constitutes a unique opportunity to re-launch development in the Country.

The Agenda 2025 should step up this global trend of human development in development strategies.

This first chapter deals with aspects leading to the preparation of this document: formulation processes and organisational structure, the level of participation and how to legitimise the process. It concerns the constitution of 12 sectoral theme groups (STG) and the way the four major situational analysis groups were created: Human Capital, Social Capital, Economy and Development, and Governance. While considering methodological aspects, it should be noted that the research was fully open, creative and innovative, structuring national dialogue and research, so that answers could be found for the questions raised. It is important to make a mention to the long list of consultation activities throughout the country in 2001, 2002 and 2003, the communication strategy, which was as involving as possible, the national and foreign partners, and the international contacts made within the scope of the Agenda.



## 1.2 Historical Review

The efforts for endowing the Country with a long-term development programme go back to the first few years after national independence.

This is a trend that many African countries were forced to endorse, upon realising that the newly-proclaimed political independence was not sufficient to face the poverty, illiteracy and underdevelopment their peoples were immersed in.

It was therefore necessary to fight another battle for overcoming widespread poverty and for pushing forward development through economic emancipation, sustained by enhanced use of national wealth, including natural resources.

Standing up for these noble ideas, the African leaders outlined various development initiatives in the continent during the 70s, under the aegis of OAU, currently AU.

Results achieved were not encouraging. Thus, a new consensus between Africans and UN agencies emerged, related to financing development, according to which only long-term actions and programmes could assist Africa to overcome underdevelopment.

Therefore, in this way, the foundation of the National Long-Term Perspectives Studies was laid down, under the co-ordination of African Futures.

Mozambique joined the initiative in 1998, when, on occasion of the 23<sup>rd</sup> national independence anniversary, the Head of State urged all Mozambicans to reflect on the Country's long-term future.

However, given the need to make this a more comprehensive process, involving the main actors and grouping various sensitivities, it was not possible to initiate the exercise immediately.

A new model for conducting the process was outlined in 2000, a model that was made operational in early 2001 founded on political, social, religious, racial and professional heterogeneity. Thus, a group of citizens established the Committee of Counsellors (CoC) and the Agenda, previously called 2020, was named Agenda 2025, after a detailed review of the Project Document.

The solemn public presentation of CoC took place at the Maputo Municipal Council Ceremonial Lounge on 25 June 2001, before the Head of State, distinguished dignitaries of the Nation, political leaders, members of the diplomatic corps and the civil society. In the same room, on 25 June 2003, the Agenda 2025 Draft Document was solemnly introduced.

## 1.3 Objectives of Agenda 2025

Agenda 2025 is a strategic exercise of reflection over the future of Mozambique, with the following objectives:

- to create a long-term National Vision through a participatory process;
- to prepare a National Development Strategy through a participatory process, defining the necessary policies and programmes for responding to the objectives identified in the national development strategy;

The achievement of these objectives will make possible:

- to increase capacity in government, institutions and civil society for defining and implementing national economic policies, programmes and projects;

- to ensure consistency among short-, medium- and long-term economic and social policies;
- to increase the government's capacity to play a key role in the co-ordination and management of development co-operation.

The main function of the shared national Vision was to provide a set of guidelines for medium- and long-term action for leaders and decision makers, in the public and private sectors and in the civil society.

The participatory process for preparing Agenda 2025 was an exercise of national capacity-building as important as its results, or, in other words, the process was as useful as the final product is. This process also enables to support the efforts of instituting a more participatory, co-operative and democratic culture in the Country.

Three key elements were included the process:

- **Citizen participation:** The process was a participatory one. Each society segment, from all regions of the Country and all groups of interest, participated in the preparation of the Nation's National Vision and Strategies.
- **National learning:** The Agenda 2025 consisted on putting the future into perspective. However, Mozambicans may use it as a process for becoming acquainted with the strategic environment. Partners should take advantage of the process to understand the opportunities and constraints that will fall upon development.
- **Shared Vision and National Development Strategy:** The Agenda 2025 contributed to creating a national consensus on what Mozambique should be by 2025 and to formulating a comprehensive and consistent National Strategy for materialising the Vision.

### 1.3.1 Agenda 2025 Ownership and Leadership

The Agenda 2025 is designed, prepared and implemented by Mozambicans and for Mozambicans, and that makes them the owners and sole responsibility holders of their Country's future development.

The leadership of the Agenda 2025 formulation process was exercised by the Committee of Counsellors (CoC), comprising 14 Mozambicans from various social, political, cultural and religious backgrounds, representing the diverse political, economical, social, religious and academic sensitivities, without discrimination based on race, ethnic group, gender or geographical origin. The CoC was composed by the following persons:

Alberto Igreja  
 Amélia Zambeze  
 David Aloni  
 Eneas Comiche  
 Julieta Langa  
 Máximo Dias  
 Tomás Muacanhia

Álvaro Carmo Vaz  
 Sheik Aminuddin Mohamad  
 Eduardo Bahule  
 Jorge Soeiro  
 Lourenço Rosário  
 Prakash Ratilal  
 Dom Tomé Makhweliha

Chico Francisco integrated the Committee of Counsellors up to October 2002, when he was replaced by David Aloni.

For 24 months, the CoC held numerous work sessions, including ordinary meetings, in the cities of Beira and Nampula and in Inhaca Island. The chair of CoC was taken by each counsellor on a rotation basis, for about one and a half months each.

Due to the voluntary nature of the job, which CoC members took up generally adding on to their professional duties, an Agenda Executive Committee (AEC) was established comprising four CoC members elected to the function, one of which on a full-time basis and the remaining ones in part-time. To ensure administrative and logistical support, the Technical and Administrative Secretariat was created.

In order to bring together the various geographical sensitivities and the various national and social groups of interest, the Agenda National Council (ANC) was created, representing each and all provinces.

The Agenda National Council (ANC) is the national forum within which the Vision and the National Development Strategy are analysed, discussed and deepened. This body comprises fifty permanent members, including the fourteen CoC members mentioned above, and 36 representatives from all provinces in the Country and various sectors of the Mozambican society.

Niassa -	Leão Mirola e Lúcia Pio
Cabo Delgado -	Oliveira Amimo e Luciano Macumbe
Nampula -	António Muagerene, Francisco Mucanheia, Luís Mecupia e Mário Brito Santos
Zambézia -	Manuela Dalas, Alberto Zeca, João Carlos Lima e Pedro Francisco Tete
Tete -	Cesário Tomás e Crispen Matches
Manica -	António Chacoma e Paulo Sandramo
Sofala -	António Romão, Sicandar Ismail, Rassul Khan e Bento Freitas
Gaza -	João Saia e Virgílio Pene
Inhambane -	Edna Anglaze e Felizardo Vaz
Maputo Província -	Eulália Maximiano, Mário Mungói
Maputo Cidade -	Raúl Honwana, Madalena Zandamela e Manuel Araújo
Âmbito nacional -	Luís Filipe Pereira; Latifa Ibraimo, José Negrão, Pedro Manjaze, Firmino Mucavele, Sónia Massangai, Belmiro Rudolfo

The Agenda National Council initially comprised 50 members, but due to various reasons, it has presently only 44 members.

## 1.4 Participation and Scientific Research

The preparation of Agenda 2025 was a process through which the actors shared ideas about the future of the Country.

Agenda 2025 looked at participation as the key element for the whole process. This was particularly important for obtaining legitimacy and empowerment for the exercise. Without legitimacy and empowerment, or commitment from the actors, the implementation of recommendations issued by the perspective studies would have been extremely difficult, if not impossible.

To make them sounder and more credible, the expectations were subject to scientific research. The essential elements in the preparation of Agenda 2025 providing support to that research were:

- Study of people's expectations by means of a wide consultation;
- Analysis of previous studies and works;
- Multidisciplinary research on subjects relevant to national development.

To ensure work co-ordination, a Scientific Commission was established, and a scientific co-ordinator and an advisor for methodological issues were hired. National academic, teaching and research institutions were invited, as well as individualities, technicians and experts, who shared knowledge and experiences during the research process on specific topics, selected by the ANC and taking consultations into account.

Within this scope, 12 Sectoral and Theme Groups (STG) were created:

- STG 01 - Country, History, Culture and Society
- STG 02 - Democracy, Governance and Rule of Law
- STG 03 - Economy and Development
- STG 04 - Rural Development
- STG 05 - Urban Development and Quality of Living
- STG 06 - Infrastructures
- STG 07 - Education, Science and Technology
- STG 08 - Culture
- STG 09 - Health
- STG 10 - Family, Gender and Youth
- STG 11 - Press and Media
- STG 12 - Development Challenges

After extensive research on the past and present state of the Country, a situational analysis was prepared. The sectoral and theme groups were joined based on their affinity, the Co-ordinators and respective members were re-distributed, and four working groups were constituted:

- Group 1 - Human Capital
- Group 2 - Social Capital
- Group 3 - Economy and Development
- Group 4 - Governance

To provide greater consistency and coherence to the work of Agenda 2025, the Committee of Counsellors purchased a software programme, the *T21*, produced by the *Millennium Institute* from the United States of America, which allows simulations of a country's long-term development based on economy, society and environmental components.

## 1.5 Methodological Aspects

The preparation of Agenda 2025 required multidisciplinary research on topics defined in consequence of consultation and dialogue with society, and it was a free, creative and innovative process. This process established an integration environment for Mozambicans, in particular for the young scholars and professionals from various fields

of knowledge that tried to respond to the problems and challenges raised ahead, as expressed and perceived by the whole Nation.

The methodology underlying the formulation of Agenda 2025 - Nation's Vision and Strategies was greatly inspired by the National Long-Term Perspectives Studies (NLTPS) underway in various countries and in various stages of development, under the responsibility of *African Studies*, an institution of the United Nations Development Programme (UNDP).

*African Futures* is an institution that brings together African scientists that looked into the world experience in terms of development management in the past 30 years, with the objective of identifying the key elements for a new approach to development management in the African Continent.

To formulate the vision and strategies, the Agenda 2025 adopted a specific methodology based on the symbiosis of the aforementioned methodologies.

### 1.5.1 Methodological Structure

Guided by the methodological structure of NLTPSs, the Committee of Counsellors organised the national dialogue and research, trying to find an answer to the following strategic questions:

- What are the society's long-term expectations and goals?
- What are the issues and factors in the society that could possibly affect the country's capacity to bring about the desired future?
- What are the alternative scenarios for the future?
- What should the vision of the society be, considering the scenarios, expectations and critical problems the country faces?
- What strategic issues and challenges are to be faced for making the vision come true?
- What are the appropriate development strategies for the nation and how should they be implemented?

Taking into account the preparation of a shared vision for the Country's future, the formulation of Agenda 2025 comprised five phases:

#### **Phase I: The identification of issues**

- Definition of the study object;
- Identification of national expectations and the study purpose.

#### **Phase II: The preparation of the study basis**

- Identification of key factors and variables;
- Analysis of critical trends and dynamics in the society;
- Analysis of the role of actors and their interests.

#### **Phase III: Construction of scenarios**

- Selection of the set of assumptions to build the scenarios;
- Construction of scenarios.

#### **Phase IV: Development strategies**

- Formulation of long-term development strategies.

#### **Phase V: Preparation of short- and medium-term development plans and programmes**

By considering the participation of the various social sectors, the Agenda 2025 product acquired greater technical soundness, quality and the adequate comprehensiveness.

## 1.5.2 Consultation Activities

The following consultation activities were undertaken throughout the Country:

2001 - Ten dissemination meetings in the provinces, except Maputo City, and about two dozen meetings with institutional partners, including the Diplomatic Corps;

2002 - About thirty sectoral meetings with NGOs, socio-professional associations, among which nurses and economists, and meetings to collect popular expectations:

- Fifteen meetings in district capitals, namely Benfica, Moamba, Manhiça, Chókwè, Maxixe, Vilankulu, Dondo, Marromeu, Catandica, Songo, Mocuba, Angónia, Angoche, Cuamba and Mocímboa da Praia.
- Six meetings in provincial capitals, namely Xai-Xai, Chimoio, Nampula, Lichinga, Pemba and Quelimane.

2003 - About twenty meetings with institutional partners and consultation activities, and dissemination in Nampula, Beira, Inhambane, Chókwè, Chicualacuala, Chibuto, and Mbabane (Swaziland).

The blank-page consultations for collecting popular expectations were attended by about 1,500 people from 111 of the 128 districts in the Country. The profile of participants was the following:

- 1% - Health sector
- 1% - Trade Unions
- 3% - Public sector
- 3% - Press
- 6% - Traditional authorities
- 7% - Students
- 8% - Education sector
- 8% - Religious organisations
- 10% - Private sector
- 10% - Political parties
- 12% - Civil society and NGOs
- 31% - State administration at various levels

Among the expectations collected in those meeting, we highlight:

- Education: primary and technical education, literacy and adult education directed for self-employment;
- Health: primary care and expansion of health services;
- Commercial agriculture directed to exports; mechanisation and use of irrigation systems; agro-industries for processing local production;
- Natural resources: rational use and sustainable management;
- Basic infrastructure: access to drinking water and rural electrification;
- Communications network: permanent access through inter-provincial roads and between districts and localities;
- Institutionalisation of a culture of peace, dialogue, inclusion, tolerance and reconciliation.
- Corruption-free governance, quick and easy services;
- Reduction of asymmetries;
- Creation of equal opportunities for citizens and fair sharing of wealth;
- Assimilation of a work culture.

Each STG prepared a strategic information matrix contemplating the following elements:

- Events with future implications;
- Identification of actors;
- Critical uncertainties;
- Trends;
- Past and present strategies, and their results;
- Strengths and facilitating elements endogenous to the theme or sector;
- Weaknesses or constraining elements endogenous to the theme or sector;
- Opportunities or facilitating elements exogenous to the theme or sector;
- Threats or constraining elements exogenous to the theme or sector.

These elements were inserted into a matrix, which made possible the preparation Chapter II on the Situational Analysis.

## 1.6 Partners

The CoC had the opportunity for welcoming the following individualities in its head office, to participate on, and be acquainted with the Agenda formulation progress:

- Head of State, Prime-Minister, Attorney-General, and various government members;
- President of RENAMO party, Secretary-General of FRELIMO party and other leaders from other parties.

The CoC also met with a number of national and foreigner individualities, ambassadors and heads of diplomatic missions, co-operation partners based in Maputo, representatives from organisations and the government, and citizens interested in knowing, participating and establishing partnerships with Agenda 2025.

To formulate the Agenda 2025, the CoC was assisted by various partners ensuring logistical and methodological support, as well as other facilities necessary for achieving the outlined objectives.

The Mozambican Government, through the Inter-ministerial Commission for the Support and Facilitation of Agenda 2025 (CIAFA), provided logistical and documental support. The institutions that comprise CIAFA appointed liaison officers, who maintained close collaboration with the AEC.

The members of CIAFA were its chair, the Prime-Minister, the ministers of Planning and Finance, Education, Health, and Agriculture and Rural Development, the National Statistics Institute, and the Bank of Mozambique.

UNDP, fulfilling its traditional function of supporting development in UN member countries, responded to the appeal of Mozambique for collaborating in the preparation of Agenda 2025.

The director of the Abidjan-based *African Futures* worked directly with the STGs in all the crucial stages, leading to a proposed long-term vision. *African Futures* also supported training to CoC, ANC and STG members, within the scope of Vision formulation.

The development agencies from the Danish, Norwegian and Swedish Kingdoms contributed financially to the activities of Agenda 2025.

The Carter Centre supported the definition of national development strategies. This institution also provided a consultant, who worked on a number of occasions with each STG and conducted training and capacity-building seminars on the design of develop-

ment strategies, thus contributing for improving the methodological quality of staff involved in the research and consultation work.

The Friedrich Ebert Foundation funded the production of the video on scenarios, to be publicly exhibited for encouraging the debate over the Agenda 2025 draft document.

DFID, from the United Kingdom, through its delegation in Maputo, was available to finance the communication strategy of Agenda 2025.

## 1.7 International Contacts

The Agenda 2025 Counsellors attended the following international events, acting as CoC representatives:

The Conference on Development, in Atlanta, USA, which two counsellors attended by invitation of the Carter Centre, in February 2002. This was the first opportunity for CoC to be acquainted with experiences from other countries, as well as to present the bases, perspectives, and expectations and limitations of the Agenda 2025 project to an audience that included financial institutions, international NGOs and government representatives from various countries. Inputs were provided for the Monterrey Conference on Development Financing, and the first contact with the Model T21 from the Millennium Institute was made.

By invitation of the German Federal Republic, other counsellors attended the Conference on Democracy and Good Governance in Berlin, in May of the same year. Other African, Latin-American, Asian and European countries were represented in that conference, with which the CoC established connections. Besides the event in itself, the two CoC members met with members of the German government in charge of co-operation, to whom they explained the objectives the Agenda wants to achieve.

The Conference on Globalisation, held in Paris under the aegis of the *Bridge Initiative*, in which a CoC member participated.

## 1.8 Communication Strategy

For the Agenda 2025 process to achieve the objectives in terms of both process and product, the CoC outlined a communication strategy designed to be as complete as possible and to afford the process greater levels of dissemination, participation and inclusion.

In this context, the use of the media according to a negotiated partnership for disseminating the Agenda 2025 formulation process throughout the Country has enabled it to be known and owned by all citizens, whether or not literate and Portuguese speaking.

The most important thing, as the experience in other countries shows, is that the information system is appropriate to the Country's cultural reality. In our case, Mozambique is a linguistic and cultural mosaic, and for that reason, it is necessary to identify the most suitable way of using the radio, TV, newspapers and other visual and sound media.

All media, with no exception, were invited to cover the events and prepare programmes and stories on topics related to Agenda 2025, according to their own editorial guidelines. As far as the national radio - *Rádio Moçambique* - is concerned, the CoC maximised the use of its service in national languages so that the messages and the



opportunities to debate the Nation's Vision and Strategies could cover as much people as possible.

The CoC published an internal newsletter, launched a web site, and broadcasted radio programmes about the Agenda in 19 national languages and in Portuguese. The CoC also held press conferences by the end of each chairperson's mandate, as a way of publicising achievements through the media. Some foreign media have also been gathering and disseminating information on the progress of this exercise.

# CHAPTER II

## Situational Analysis

### Executive Summary

This chapter deals with the situational analysis of the country, followed by the strategic information matrix. The Sectoral and Theme Groups used this matrix in their consideration of the HUMAN CAPITAL, characterising the Mozambican man, the SOCIAL CAPITAL, assessing how the Mozambican man organises himself in the society, the ECONOMY AND DEVELOPMENT of the Country, reflecting upon the way the Mozambican man organises himself and undertakes productive activities, and GOVERNANCE, reflecting on how the State management is institutionalised and carried out.

The Human Capital, in its major components of Education and Health, is analysed taking into account pre- and post-independence historical considerations, and a diagnosis is made for 2002, where it is underlined that the education system does not generally places adequate emphasis on moral and ethical education, and mentioned is made to the worrying situation in the country concerning the HIV/AIDS pandemic and vulnerability to other serious endemic diseases with high mortality rates, such as malaria, cholera and tuberculosis.

As far as the Social Capital is concerned, mention is made to its feature of diversity, which, if properly managed, may become a sound basis for developing a cohesive and undividable Nation. However, mention is also made to the Country's exposure to neo-liberalism, to economic dependency and to obligations imposed by international co-operation partners, as well as to the increase in corruption levels, which generated major imbalances and fractures in the Mozambican economic and social structure.

A three-tiered elementary timetable is made by the analysis of Economy and Development: up to 1975, from 1975 to 1986, and from 1987 to present. This is made in order to characterise the various policy and economic options and, assessing the current situation, to find the vision for the future. It is considered that despite the successive years of peace, stability, and economic growth, we are still extremely vulnerable and dependent from international aid and co-operation, with an incidence of absolute poverty of about 70% and a growing internal debt.

In reference to Governance, this chapter theorises over the role of the various actors in the Mozambican society, prescribing determinant behaviours and emphasising the exercise of the right to freedom of expression and information as one of the cornerstones for materialising citizenship and the Mozambican identity, and for consolidating a pluralist democracy.

## 2.1 Introduction

The elaboration of Agenda 2025 rests upon the formulation of the shared vision and strategies for future development. We cannot anticipate the future accurately, but it is possible to explore several possibilities for building it based on a careful analysis of the current situation.

The methodology for preparing Agenda 2025 encompasses, in its phase II, the preparation of baseline studies. This phase and its three stages consist on the identification of crucial trends and dynamics in the society, critical variables and factors, analysis of the actors and their interests, of events with future implications, past and present strategies and their results, identification of strengths and weaknesses, opportunities and threats the Country could face as it seeks ways to build the desired future.

Essentially, this activity marks the beginning of the various sectoral and theme groups involvement. They conducted specialised studies that, after being grouped by fields of affinity, would generate the Situational Analysis, which means understanding of the past and the present so that the future can be put into perspective.

To carry out a retrospective review of the past and an analysis of the present, it is crucial to know the Country's history, the cultural diversity of Mozambicans, the way society is organised, the performance of the economy, and the technological innovations. Therefore, it is essential to identify the main elements and dynamics of transformation, the unvarying elements and the seeds or causes of change. Within this scope, both the present and the past should be equated to clarify the key variables for constructing the various scenarios for the future.

The intended route for future development cannot be only an exercise of intuition or goodwill. It should be laid upon the concrete reality of Mozambique, taking into consideration its strengths, weaknesses, opportunities and threats, as well as the internal and external events that may have an influence on the future situation. Because the range of needs is vast and the resources needed for development are limited, it is indispensable to identify the key variables, so that priorities may be established to ensure a better and more rational allocation of those resources. Hence the importance of preparing the Situational Analysis within the scope of Agenda 2025.

The diversity, wealth and complexity of historical, political, social, cultural and economic reality in Mozambique should be reflected in a comprehensive situational analysis including:

- Characterisation of the Mozambican Man (Human Capital);
- The way he organises himself in society (Social Capital);
- The way he organises and exercises the economic activity (Economy and Development);
- How does he institutionalise and undertakes management of the State (Governance).

## 2.2 Actors

The following actors are relevant to human capital and social capital, to economy and development, and to governance:

- President of the Republic, in his quality of Head of State, Head of FADM, Head of Government, symbol of the Nation's expectations;

- Assembly of the Republic, in its role of legislator, a determinant factor for consolidating democracy;
- Citizens;
- Government, in its action of governing the Country, promoting and implementing global programmes for market development and regulation;
- Municipalities, in exercising local power;
- Political parties, which assure pluralism in citizens' contribution to the destiny of the Nation;
- Local communities and the family sector, which play an important role in food security and in the effective occupancy of the territory;
- Economic associations as spokespersons of the Country's entrepreneurial class and their expectations;
- Public and private entrepreneurs as agents for transformation and generators of wealth, employment, wellbeing and added value;
- National and foreign investors as providing agents of productive resources for the economy, production of goods, provision of services, promotion of development;
- Banks and other financial institutions in their function of collecting financial savings, granting warranties and financial intermediation, as well as in making credit available for the productive sectors and for consumption;
- Trade unions, representing the working and productive class in the country and as supporters of an increase in living quality;
- Scientists, innovators, intellectuals and artists;
- Teaching institutions, specially universities and technical schools, which are key for the growth and strengthening of technical and scientific capacity, essential for Mozambique's development;
- National and international civil society organisations, in particular in their action on rural areas and areas where the State has poor participation;
- Informal sector, which presently includes the overwhelming majority of the active workforce in Mozambique and is a crucial link in marketing, especially in rural and remote areas;
- Vulnerable groups, which are normally victims of natural disasters and are a target to take into account in the emergency programmes;
- Religious denominations;
- Family as the basis of society, an environment for learning moral, civic, ethical, patriotic values and the work culture;
- Women in their role as mothers and educators within the family, and as professional in various areas of activity;
- Youth, the hope for the Nation and the basis of active population, creatively and innovatively participating in the construction of the Country;
- Traditional authorities as trustees of morale, standards and values ruling social contacts and social solidarity;
- Judicial system in its role as promoter of social justice;
- Defence and security forces as the guardians of sovereignty and integrity of the national territory;
- Media as intermediaries between the public and the institutionalised powers, and disseminators of innovations within the context of communication for development;

- International financing agencies, with an emphasis on IMF, the World Bank and international development support partners;
- Social and international movements (World Social Forum, World Economic Forum);
- Regional and community bodies (AU, SADC, PALOP, CPLP, Commonwealth).

## 2.3 Human Capital

The Human Capital relates to the factors that have a direct influence on the human capacity for attaining quality of life, for being healthy, educated and for participating actively in community life. Human Capital concerns the key elements for human development, which are education, health and other basic living conditions.

### Diagnosis summary

The current situation of Human Capital in Mozambique is significantly influenced by the events that took place during the Portuguese colonial administration and by subsequent decisions made upon proclamation of the National Independence.

#### 2.3.1. Scope of Education

The area of education, particularly the educational policy in the colonial period, was characterised by discrimination between Europeans, the 'assimilated', and natives, resulting in poor training of the Mozambican human capital. Colonial statistics show that in 1966, nine years before independence, black students in commercial and industrial schools accounted for just 17% of the total school population, 2.9% in secondary schools and 0.9% in university.

Schooling for "native" populations was introduced in 1941, entrusted to the Catholic Church according to the terms of the Missionary Agreement (Concordat). In 1947, the first Technical School was established in the former Lourenço Marques (Maputo).

The first university was established in 1962, initially named General University Studies and later called University of Lourenço Marques. In 1976, its name was changed to University Eduardo Mondlane. In 1970, of the about 2,400 university students only 150 were Mozambicans - the overwhelming majority of university students were sons and daughters of the colonists who fled the Country after independence.

The school network was strongly concentrated in cities and towns, and was characterised by an imbalance in the supply of education services between the rudimentary primary education and Teacher Qualification for natives and the Official teaching. Missionary schools of arts and crafts were also established. The southern part of the Country always benefited the most when compared to the central e northern regions.

The concern with education had the intent of limiting knowledge among Mozambicans, so that they could not compete with the colonists. The education provided to natives was primary education of a rudimentary level, supplied by missionary schools.

After National Independence and as a result of the nationalisations that ensued, access to schools was broadened and policies lines were adopted aiming at the consolidation of the right to education. Within this context, schools were created all over the Country, together with the efforts for mobilising training teachers and providing adult lit-

eracy classes. By 1984, surprising results had been achieved in terms of the decrease of illiteracy rates and increased access of children to schools.

External aggression, sanctions and war between Mozambicans worked against those efforts, especially so in the rural areas, due not only to the displacement of populations, and particularly of teachers and pupils, but also to the destruction of 46% of the primary level school network and 20% of technical schools. About 300,000 children ceased to have access to primary education.

The efforts to train national technicians in technical schools, both of general education and the only existing university at that time, had the support from various countries that sent teachers and experts, in particular in the field of natural sciences. As a complement to this action, groups of students were sent overseas to complete their education. To meet the immediate demand for specialised staff, Centre 8 de Março was created to speed-train teachers for the various levels, as well as higher levels technicians.

Significant steps were taken in 1<sup>st</sup> to 5<sup>th</sup> classes:

- 56.7% of the adult population, 71.2% for women and 40.2% for men, was the national illiteracy rate in 2002;
- the illiteracy level among youths 15-19 years old amounted to 40.9%;
- 7,771 schools EP1 (1<sup>st</sup>-5<sup>th</sup> class) in 2002, as compared to 6,588 in 1999;
- Schooling increased from 43.6% (1999) to 62.2% in 2002;
- For each 100 children with ages between 6-10 only 44 were schooled in 1999, and the number of schooled children increased, on average, to 64 out of 100 in 2002;
- About 2,644,405 children attended EP1 in 2002, as compared to 2,074,708 in 1999;
- The number of EP1 schools increased from 448 in 1999 to 823 in 2002;
- The number of 185,979 pupils in the EP1 level in 1999 increased to 302,912 in 2002.

Albeit the expansion of both the school network and the number of children attending school, the supply of educational services is not comprehensive yet, and there are not many opportunities for progression in other levels of schooling. The pupils moving from EP1 to EP2 cannot continue studying due to the lack of schools of that level close to the areas where they live. Likewise, there is shortage of technical / professional schools of all levels, especially in rural areas. The additional resources are scarce. There is a significant inequality of access in cities and in the countryside, and between the Northern, Central and Southern regions.

The national education system also reflects the high rates of school dropout and repetition, particularly among girls. The number of graduates leaving the education system that have accomplished that within the normal period is much smaller than the number of those entering the system.

The poor teaching quality is essentially explained by the following:

- Inadequate pedagogical training of teachers;
- Difficult and precarious conditions teachers work under;
- Little pedagogical support to teachers;
- Low salaries and delay in salary payments;
- Lack of motivation among teachers, entering the career as a last resort job while waiting for a better one;
- Lack of acknowledgement of, and incentives to the most committed teachers;
- Lack of periodical retraining courses.

Similarly, learning conditions are affected by:

- Lack of food and clothing;

- Shortage of financial resources;
- Schools with poor management and inadequate linkages to the communities;
- Long distances between school and home;
- Diseases;
- Premature marriages of students, particularly girls;
- Little co-operation from parents, who think it is more important for their children to get a job than to motivate them to study;
- Lack of labs and basic conditions for practical classes (experimentation) in schools;
- Lack of incentives to the best students in primary and secondary education, by means of scholarships and supply of educational materials;
- Lack of centres of excellence to concentrate and promote knowledge in the more gifted students.

In general, the education system emphasises know-how inadequately, moral education and ethics. Values conveyed do not always match cultural, social and local reality.

### 2.3.2. Scope of Health

In the field of health, the situation was equally critical for most of the Mozambican population, because access to sanitary and hospital services was concentrated in cities and towns, and reserved to colonists and 'assimilated'.

In 1975, there were three central hospitals, one university hospital, seven provincial hospitals, about 30 rural hospitals and a small number of health centres. There were also health centres and posts, in some instances equipped with maternities, which belonged to companies, churches or missions. As a complement to the public health service, there were numerous private clinics.

After Independence, the existing health sector was nationalised and a new health system was established aiming at a better sanitary and hospital coverage. In regard to Portuguese medical and nursing staff, there was a substantial reduction in numbers, and the new government is forced to make emergency decisions, namely hiring doctors mostly from socialist countries and training Medical Technicians.

The effects of such sharp shortage of qualified staff, together with the lack of experience, did not take long to make themselves felt, and affected negatively the quality of health services provided. Some of the more wealthy people started to seek assistance abroad. The establishment of a clinic for high-rank officials and diplomats in Maputo City did not stop the demand for better medical care. It is believed that the experience with this clinic was the pretext for a movement claiming the re-introduction of private clinics in the Country.

It should be stressed that the war deeply affected the Human Capital, by displacing people and producing refugees. Populations affected by this human tragedy continued to live in poverty and suffered psychological trauma. Health indicators such as child mortality, mother mortality, life expectancy, malnutrition, and all their consequences, have placed the Country among the most underdeveloped in the world. The 1986 UNICEF report on the consequences of the armed conflict in Mozambique mentions that:

- Child mortality under 5 reached 375/1000;
- Health coverage decreased to 30% due to the destruction of 25% of the sanitary network, particularly rural health centres and health posts;
- Vaccination programmes were disrupted;

- Mother mortality increased drastically;
- Only 13% of the population had access to drinking water.

With Peace, the Country started to focus efforts in the rehabilitation and recovery of the economic and social fabric, with emphasis on overcoming problems involving the “child soldier” and “street children”. More recently, the government has been focusing efforts on fighting absolute poverty. In the health sector, the 2002 health indicators were the following:

- The average child mortality rate is about 128 per thousand, which is still very high;
- Child mortality for children between 0-5 years old is 219 per thousand - this means that in each five children, only four get to be five years old;
- General estimates for mother mortality indicate that 600 to 1,100 women for each 100,000 births die, which is in fact very worrying;
- The average life expectancy was 47.3 years for women and 43.3 for men. The average life expectancy “without AIDS” by 2010 is expected to be 50.2, of which 52.7 for women and 47.9 for men. “With AIDS”, the average life expectancy may be lower, calculated at 35.9;
- The gross mortality rate was 21.2%.

The causes of death in the Country are also indicative of the precarious conditions populations live under. People die from malnutrition, malaria, tuberculosis, cholera, diarrhoea, acute respiratory diseases, and presently from AIDS. This situation is worsened by the poor health network coverage, which reaches only 50% of the population. The low sanitation index and the poor hygiene conditions heighten the situation. It should be stressed that only rarely public toilets are functioning in most cities and towns around the Country.

Presently, the average prevalence of HIV/AIDS in the Country is 12.2%, but there are variations between the various zones. Occurrence is higher in the Central region, with 16.5%, and lower in the Northern region, with 5.7%. In certain localities, these values vary between 25% and 30%.

In 2000, the estimate was 1,100,000 people infected by HIV/AIDS, including:

- 68 thousand children;
- 443 thousand men;
- 597 thousand women.

Concerning orphans from HIV-positive mothers, their number was 233,000 in 2001 and the trend is of an increase. This number is expected to reach 900,000 orphans by 2010.

By 2010, new cases may reach 170,000 and the number of deaths from HIV/AIDS on a ten-year period, 1999-2008, should be nearly 1,000,000, if no immediate and effective intervention is made.

Projections for 2025 are essentially dependent on the impact that may result from the actions foreseen in the National HIV/AIDS Programme, the change of people’s attitudes and behaviour, the natural evolution of the pandemic itself, and on the latest advances in medicine. Comparing to experiences in other countries in the region, prevalence could possibly be about 15-20% by 2025.

HIV/AIDS has consequences in society development because it affects adults, predominantly the most active and productive age group of 5-49 years old, the most productive stage of life. This infection will have an impact on the human resources in government services, particularly on those whose labour is mobile and of risk. These include construction workers, road workers, truck drivers, miners, police forces, military



and paramilitary, and specialised high-rank officials that have to travel all over the Country and abroad.

Other serious endemic diseases that are normal causes of death are malaria, the first cause of death, cholera and tuberculosis, among other illnesses with high levels of mortality to which the Country is vulnerable, such as dengue fever and ebola, already present in neighbouring countries, and more recently SARS, which emerged in Asia and, if left uncontrolled, may spread all over the world.

Mozambique is extremely vulnerable to natural disasters. Most of the population lives in rural areas and in poor conditions in terms of food, housing, water supply and environment. Any change in the environment, such as droughts, floods, or cyclones, has serious consequences in the living quality of people and disorganises their livelihoods.

The possibility of conflicts, including armed conflicts, is always a threat to human capital and peace. Mozambique is not immune to this possibility. These conflicts may restart due to internal factors such as famine, poor living standard and low salaries, and the ever-growing gap between rich and poor, poverty and ostentation, systemic corruption, ethnic conflicts, phenomena of segregation and asymmetries, partisan struggle and disputes for power, which may originate a climate of instability favourable to social disruption. Externally, they may arise from border clashes, disputes for natural resources or from commercial reasons.

Other indicators of the living standard of populations, such as supply of drinking water, suitable housing and sanitation, place the human capital in the lowest levels of development.

The effects of water-borne diseases should be stressed, caused by drinking water or by living around infected areas, with an emphasis on typhoid fever, cholera, dysentery, gastroenteritis, hepatitis, malaria and bilharzia, among others, as potential causers of epidemics and premature deaths.

Mozambique imports all drugs it needs, most of the time as donations. The situation becomes critical when epidemics break out due to drug stocks being depleted, which intensifies the death rate.

### 2.3.3. Determinant Variables

The determinant variables are the following:

- Basic living conditions: housing, food, clothing, water supply, education, employment, and security of people and goods;
- Efficient and comprehensive National Health Service;
- Quality Schooling System covering the whole Country;
- Development of economy for generating financial resources and creating jobs;
- An environment of peace and dialogue;
- A Natural Disaster Early Warning and Monitoring System;
- Social Security System;
- Effective Judicial System defined by legality, and as consequence credible.

### 2.3.4. Events with Future Implications

The events with future implications are, among others, the following:

- Absolute Poverty Reduction Support Programme - PARPA;

- Rural development support programmes;
- Policy of international institutions such as the World Bank and the International Monetary Fund (IMF);
- New Partnership for African Development (NEPAD);
- Reduction of external debt;
- Health and school network extension programme, with quality;
- Programme to fight infectious and endemic diseases;
- National HIV/AIDS Fight and Prevention Programme;
- Programmes with the objectives of promoting equity in gender relations;
- Family Act and other laws to fight discrimination against women;
- Support programmes to the elderly and the handicapped;
- Food security programmes;
- Scientific research programmes;
- School programmes for the full training of children, adolescents and youths;
- Massive expansion of sports in schools, neighbourhoods and villages;
- Unending campaigns on sanitation and periodical hygiene inspection to houses and food preparing and selling places.

### 2.3.5. Critical Uncertainties

The critical uncertainties are the following:

- Evolution of the population at large in terms of dimension and features in the fields of:
  - Child mortality;
  - Mother mortality;
  - Nutrition;
  - Endemic diseases;
- Education guidance for Mozambicans so that they may be morally sound, technically competent and strongly committed to the Nation and their History;
- Progress concerning enhancement of the family and the inclusion of women and youths in the decision-making process;
- Evolution of the national economy and respective financial resources to fund health and education activities for improving human capital;
- Guidance of rural development towards reducing poverty levels;
- Progress in social peace consolidation and strengthening of reconciliation environment;
- Actions for restraining the advance of corruption and raising transparency levels and good governance;
- Possibility of producing locally school manuals adequate to national reality, as well as educational support and sports materials.

### 2.3.6. Trends

The past and present trends, and their implications for the future, are the following:

- Population growth in the Country at an average of 2.39% per annum, despite famine, malnutrition, HIV/AIDS and other endemic and infectious diseases affecting national citizens;

- Prevalence of disparities between rich and poor, albeit a growth in economy;
- Prevalence of disparities between genders and regions, which is a threat to social peace;
- Rural communities living with enormous difficulties and with scarce resources, and health and sanitation conditions tend to deteriorate in cities, as unemployment and crime rates increase;
- There is an improvement in living conditions of the most disadvantaged population as a consequence of the implementation of PARPA programmes specifically intended for these populations;
- Over 40% of children do not have access to higher levels of education, despite the increase in schooling and the decrease in illiteracy levels;
- There are now much more Mozambicans with medium- and higher- level education than there were immediately after independence;
- Education quality is still poor, particularly in what concerns civic education, ethics and moral, a trend that has to be reverted;
- There is an inclination to build more primary, technical and even higher schools, which contributes for correcting asymmetries;
- More investment in teacher training;
- Health network coverage tends to increase due to construction and equipping of maternities, health centres and health posts, and training of additional staff.

### 2.3.7. Past and current strategies and results

In terms of strategies, mention should be made to:

#### **Colonial Past:**

- Maintenance of poor and fragmented human capital;
- Racial and social discrimination in accessing education, in work relations and other basic living conditions;
- Education and health care of the underprivileged in charge of the various religious denominations.

#### **Post-Independence:**

- Socialisation of health and education;
- Regular vaccination campaigns and adult literacy campaigns.

#### **Present:**

- Many investments for strengthening human capital;
- Development of partnerships in the public, private and community sectors, in health and education;
- Expansion of the school, health, water and sanitation networks.

#### **Results:**

- Improvement in the population living conditions, albeit conditioned to the effects of war and natural disasters;

- Increase in the number of institutions, with emphasis for higher education;
- Decrease in illiteracy and mother and child mortality indexes.

### 2.3.8. Analysis of Strengths, Weaknesses, Opportunities and Threats

#### Strengths

The main strengths or facilitating elements related to human capital are, among others, the following:

- Existence of a competent, discerning and developing human capital able of discussing the Country's destiny, capable of assuming a critical point of view and a position of responsibility, to the benefit of national development;
- Involvement of the Mozambican population in State and civil society projects and events, particularly when they are relate to individual and collective well-being, among other;
- Existence of a young population that, if encouraged by adequate education and vocational training policy and practice, may leverage development of the Country;
- Increasing participation of women in the decision-making circles, which benefits human and Country development;
- The importance given to education contributes to developing competent human capital;
- Growing number of higher training and vocational training institutions;
- Self-sacrificing capacity shown by a substantial part of Mozambicans, working under difficult material and salary conditions, which is the expression of great inner strength for overcoming difficulties.

#### Weaknesses

The following are weaknesses concerning the development of human capital:

- High rate of absolute poverty, malnutrition and lack of resources for obtaining means that may stimulate psychomotor and social development of the child;
- Lack of a space within which the emerging critical mass could acquire greater expression and significance;
- Dispersion of the rural population, which encumbers investment in intensive human capital development;
- Large concentration of population in cities, which requires adequate urban planning capable of responding to the demands of such agglomeration;
- Existence of children in school age without access to school, which has negative repercussions in the long-run;
- Insufficient number of technical and vocational schools in the Country, which slows down the development of a workforce in the various social and economic fields in the Country;
- The low quality of, and inadequate access to public services supplied by sectors such as health, education, justice, among others, has negative impacts in life expectancy, quality of human capital and quality of production;
- The availability of both qualitative and quantitative information on health education, particularly preventive health, increases the number of cases in need of curative health and worsens the performance of human capital;

- The poor retention capacity of cadres within the State system due to the lack of incentives has a negative effect in the development of health and education sectors;
- The small number of doctors, nurses, midwives and other technicians has been compromising seriously the likelihood of rendering better health services to populations;
- Lack of policies concerning traditional medicine, which contributes to weaken the human capital;
- Small number of beds in hospitals and health centres, which exposes various patients to the horrific situation of having to share a bed with another patient or lie on the floor, on a straw mat or a wrap cloth;
- Lack of equipment and materials, often affecting students even in areas neighbouring cities and areas rich in timber;
- Lack of student housing and boarding schools in the main cities and towns, or even in missions, to accommodate pupils and students coming from distant places;
- Involvement of doctors, teachers and other specialised staff in management and administration duties, to the detriment of those specifically trained in hospital and/or school management.

## Opportunities

The opportunities are:

- Expansion of the school and health network;
- Increase in the number of institutions providing higher education;
- Adoption of programmes for intensifying training of qualified teachers and nurses;
- Globalisation and technological development;
- Development of natural resources and local knowledge;
- Adoption and implementation of the Action Programme for Absolute Poverty Reduction and the Millennium Development Goals;
- Correct implementation of the HIPC initiative within the scope of debt reduction;
- Approval of the national HIV/AIDS prevention programme;
- Peace and stability prevailing in the Country;
- Efforts to ensure food security;
- The practical effects of the National IT Policy may facilitate access to distance learning and global sharing of information;
- Expansion of radio and TV network;
- Coverage expansion of the power supply network;
- Determination of families regarding to educating and training their children;
- Increasing participation of women in teaching and production;
- Introduction of distance learning;
- Introduction of local languages in teaching;
- Use of information technologies as auxiliary means for education and scientific research.

## Threats

The following are threats to human capital:

- Development and spreading of the HIV/AIDS pandemic in the Country, with consequences at the demographic, social and economic levels;
- Prevalence of serious endemic diseases that are a common cause of death, namely malaria, cholera, diarrhoea and tuberculosis;
- Vulnerability to natural disasters such as flooding, drought and cyclones;
- The possibility of conflicts, including armed conflict, is always a threat to human capital and peace. Mozambique may not be considered immune to these possibilities. They may arise from internal factors, such as unemployment, famine, low living standards and salaries, the ever-widening gap between rich and poor, between poverty and ostentation, the generalised corruption, ethnic conflicts, phenomena of exclusion and asymmetries, partisan struggles and dispute for power, which may produce an environment of instability that favours the start up of social disruption. At the external level, these may derive from border clashes, dispute for natural resources and from commerce-driven divergences;
- Inadequate development of the economy, which diminishes capacity for investments in education, health and social security, and limits household income, given the shortage of financial resources essential for building more health units, schools, and for building human resources capacity;
- Technical inability for accessing energy resources and water;
- Lack of a work culture;
- Small drinking water supply network, leading many citizens to drink water unfit for human consumption, and poor sanitation coverage;
- Lack of drugs in public hospitals and pharmacies, resulting in patients not being administered the full dosages prescribed by the doctor, and the consequential persistence of illnesses;
- Education system unable to inculcate in students appreciation for the agricultural activity and thus to place it among other activities with substantial wealth-generating potential.

## 2.4 Social Capital

### Diagnosis Summary

The Mozambican society is very diverse not only in cultural and political terms, but also in social, regional, economic and in subsistence terms.

Cultural diversity is the first to stand out, determined by the several ethno-linguistic and racial groups. Secondly, the advent of the multi-party system provided an opportunity for establishing political parties and civic associations. The third dimension of diversity comprises the social issues that characterise patrilineal vs. matrilineal lineages. The fourth dimension is of a regional nature, determined by geographical, economic and historical factors. Lastly, the big development contrasts between urban, suburban and rural areas, as well as between the coast and the hinterland, reflecting the striking social stratification of Mozambicans. Such diversity, if properly considered, constitutes a solid basis upon which the Mozambican Nation stands united and undividable.

Below, an analysis is made of the internal and external actors playing a role in the transformation of diversity into a unique force.

## 2.4.1. Determinant Variables

The determinant variables are the following:

- Peace and political stability (transparency in public management, respect for legality, election processes, social conflicts, etc.);
- National unity;
- Social justice (social and economic rights);
- Family strengthening;
- Social imbalances and regional asymmetries;
- Gender relations;
- Access to education, health, work and justice;
- Local communities;
- Access to, and management of land and water.

## 2.4.2. Events with Future Implications

The following stand out among the events with future implications:

### Internal Events:

- Colonial presence;
- Colonialism and pan-African movement;
- Resistance movements;
- National liberation struggle;
- Independence;
- Socialism;
- Aggression from the Southern Rhodesian and South-African *apartheid* regimes, and the war that lasted for 16 years;
- Amendment to the Constitution in 1990 enshrining the multi-party system, rights and freedoms, and market economy;
- General Peace Agreement (1992);
- Institutionalisation of the Freedom of Press;
- Legal provision of copyrights;
- Patronage law and respective regulations;
- Introduction of new information technologies;
- Establishment of funds for supporting the development of arts, literature and sports;
- Organisation of dance, song, folk music, theatre and school games festivals;
- Creation of institutions devoted to song, dance and culture;
- Acknowledgement of the role and impact of traditional medicine, particularly in some rural areas, and occasionally in urban areas;
- Establishment of professional art schools;
- Participation of Mozambique in regional and international sports and cultural events;
- Establishment of bodies for dealing with gender, women and youth issues;
- Increase in number and enhancement of the role of NGOs and associations working for women, youths and children, in their claim for equity in the law;
- Reform of the family act;

- Ratification by Mozambique of the main international instruments protecting the rights of women and the child;
- Creation of consumer associations.

### **External Events:**

- Colonialism in Africa and the pan-African movement;
- Universal Declaration of Human Rights (1948);
- Establishment of OUA (1963);
- Creation of SADC (1980);
- End of the cold war and the bipolarization of international relations (late 80s);
- Creation of the African Union (AU) (2002).

### **2.4.3. Critical Uncertainties**

The critical uncertainties are the following:

- Evolution of HIV / AIDS;
- Enforcement of non-discriminatory legal norms;
- Social and economic stability;
- Maintenance of the current external aid levels;
- Evolution of the world economy;
- Maintenance of peace;
- Advent of micro-nationalisms;
- Maintenance of the current regional equilibrium situation.

### **2.4.4. Trends**

For the past 40 years, Mozambique went through major transformations in virtue of internal movements and the effects of political, economic and cultural regional and global transformations. Accordingly, the following trends should be pointed out:

- Social de-structuring: divorce of countryside and city, the divorce of youth and remaining population, the divorce of 'intellectuals' and masses, as well as family dis-aggregation;
- The cultural model that shapes the rights of women, demoting them to a lesser level. In general, women are deprived of their fundamental rights: their right to inherit, access to health, education and vocational training, employment, housing, and economic self-reliance is lacking or denied, and they are excluded from the decision-making processes. All too often, their contribution to the community is not acknowledged;
- The social pressure placed upon young people for raising a family, even if they lack the necessary social, professional and material conditions;
- The various forms of raising a family without the due legal protection damage women. Despite this situation, however, in some instances there is unity and cohesion, pursuit of equal opportunities for both men and women, awareness-raising for children and youth concerning the values of dignity, respect and solidarity;
- National Independence and the approval of the Constitution of the Popular Republic of Mozambique in 1975 created space for a better integration of women into the national life;



- The open and fruitful debate on women and gender in Mozambique concurs for the implementation of rights enshrined in the Constitution of the Republic and in the international instruments ratified by Mozambique, as well as for the demand by citizens themselves concerning their fundamental rights;
- Poverty, partially responsible for de-structuring family, increases the early admission of school-aged children to the formal and informal labour markets, as a family survival strategy. The most recent phenomena associated to poverty pointing to the degradation of societal values are prostitution and traffic of minors for commercial exploitation in neighbouring countries;
- The intensification of differences between countryside and city concerning opportunities to access the labour and education markets;
- Upon independence, the urgency of building a national template led to promoting national unity in detriment of other aspects of national identity, hence the reason why the social fracture reappears along regional or ethno-linguistic lines during crises;
- The attitude of looking at State bodies as the makers of culture, rather than policy facilitators and producers;
- The integration of Mozambique during colonialism into the ruling economic system in the regional and international levels, and the economic interests of foreign capital, established profound regional asymmetries still persisting to this day, despite the efforts made by the Mozambican State to rectify the situation;
- Neo-liberalism, economic dependence and the international co-operation partners' requirements, as well as the increase of corruption, generated sharp social imbalances and fractures in the Mozambican economic and social structure.

## 2.4.5. Past and present strategies and results

The following strategies are to be noted:

### **Colonial Past:**

- Official language and lifestyle were imposed from abroad;
- National languages were deemed as minor and non-civilised;
- *Chibalo* and slavery were foreign strategies for obtaining cheap labour;
- Growing nationalist feeling;
- Discrimination of women, including the right to inherit, access education and make decisions;
- Catholic religion and moral were taught in schools as integrant part of the curricula.

### **Post-Independence:**

- Establishment of State institutions at the national level;
- Maintenance of Portuguese as the official language;
- Abolition of forced labour;
- Abolition of *regulados* (colonial-influenced traditional chiefdoms);
- Establishment of dynamising groups;
- Development of solidarity;
- Promotion of campaigns against alienation and corruption;

- Discriminatory and abusive practises while applying the principle of State laicism;
- Rhetoric against bourgeoisie and the accumulation of wealth.

## Present

- Maintenance of Portuguese as the official language;
- Development of local languages, dance, traditions and practises;
- Ennoblement of work as the way for human freedom;
- Civic and moral training by associations and religious denominations;
- Promotion of human rights and equality between men and women in every domain of activity;
- Defence of national unity and identity;
- Adoption of neo-liberalism;
- Exacerbation of individualism;
- Increase in corruption;
- Persistence of absolute poverty and severe social injustice;
- Growing visibility of regional asymmetries;
- Restitution of assets to religious institutions and civic associations;
- Promotion of women and youth.

## Results

- Increased participation of women in governance and management of social and economic enterprises;
- Decline in morals, civility, ethics and social responsibility;
- Generalisation of corruption and misappropriation of public assets;
- Decrease in solidarity and lack of adherence to voluntary work;
- Little interest on national cultural activities and values.

### 2.4.6. Strengths

The elements that may contribute to increasing the Social Capital cohesion are:

- Ethnic, linguistic and religious diversity are a valued heritage on which the feeling of cohesion and the national conscience should be founded;
- There are connections and ties between the various communities in the Country that preceded colonialism;
- The agglutinant characteristic of African nationalism and the national conscience developed during the Liberation Struggle against colonial domination contributed to a strong national sense;
- Adoption of the Constitution of the Republic in 1990 and signature of the General Peace Agreement provided the Country with an enabling environment for launching the political reform process, which has been generally successful;
- The emancipation of women, promoted since the National Liberation Struggle;
- Reform of the family act, aimed at enshrining the constitutional principle of equality of all citizens into the ordinary legislation in this area;
- The existence of a policy for retaining girls in school is a remarkable exercise to fight gender imbalances at all levels;

- Social solidarity in youth education, in family and social stability, as well as in the motivation of society resulting from the action of civic and religious organisations;
- Expansion of the national civic movement and the free structuring of civil society organisations allow citizens to express their opinions and to negotiate their specific interests. There is a growing convergence among Mozambicans in their perceptions about problems in the Country, regardless of their region or social class of origin.

### 2.4.7. Weaknesses

The elements that may become obstacles to cohesion of the Mozambican society are:

- Exacerbation of individualism;
- Persistence of various types of asymmetries such as, for instance, those between Maputo city and the remaining provinces in the Country, between the city and the countryside throughout the whole Country; between those who do and do not speak Portuguese, is the result of a deliberate exclusion policy that leads to reviving the ghosts of division and discrimination;
- Poor capacity for internal dialogue resulting, inter alia, from the lack of a linguistic policy;
- Lack of a positive peace characterised by citizens having their basic needs met, and not simply by the absence of war;
- The lack of a critical mass results, for instance, in the undiscerning adoption of a neo-liberal policy exalting individuals and their interests and ignoring citizens and their ideals, as well as the recent history;
- Weak capacity of the police and the judiciary bodies for fighting violence and crime;
- Existence of social injustices based on the illegal accumulation of wealth, thus undermining the ideal of social justice and the society's moral rationale;
- Inadequate treatment of recent history due to difficulties of access to sources and to the inadequate recording and archiving systems, hindering knowledge and research;
- Local communities do not recognise themselves in Mozambican History school books and in other subjects;
- Hiatus between policy and culture, which determines a mismatch between State and Society;
- Weakness and non-comprehensiveness of citizenship understood as a set of rights and duties equally shared among members of a national community;
- The heavy economic dependency of the Country and the weakness of civil society institutions concur for the Government's permissiveness to demands from the donor community, but are not permissible when it comes to meet citizens' legitimate expectations;
- Youth issues are still not dealt with the attention they deserve in the formulation of policies, which is noteworthy for a Country as Mozambique, with an essentially young population;
- Inadequate intervention in areas such as juvenile delinquency, drug and alcohol consumption;
- Decreasing relevance of endogenous factors to the development process may contribute to widening the gap between youth and cultural values and major national issues;
- Non-recognition of national professionals;

- Lack of law observance and enforcement culture, of civility and urbanity;
- Decline of reading habits and lack of national cinema and theatre productions;
- Lack of leisure, recreational and sports areas;
- Poor dissemination of information and communication technologies;
- Shortage of good public libraries;
- Inadequate national coverage of the public TV broadcast network.

## 2.4.8. Opportunities

The main facilitating elements of an external nature include:

- Globalisation allowing greater global intercommunication and more benefits to scientific and technological progress;
- Regional and community integration;
- International acknowledgement and support due to peace maintenance and post-war reconstruction, places Mozambique in a distinctive and prestigious situation;
- International acknowledgement of Mozambique through international awards in sports, music, theatre, sculpture, photography, cinema and literature is a clear expression of its cultural potential.
- Commitment of public entities to promoting national traditions, languages and cultural values.

## 2.4.9. Threats

The external constraints to Social Capital comprise:

- Interventionism of the international community, putting the national sovereignty at stake and hindering the formulation and implementation of national policies;
- Negative aspects of globalisation. Countries such as Mozambique participate from an unfair position of subordination that, as a consequence, brings about unruliness to relations among citizens in an economic, social perspective, inter alia;
- Hegemonic trend motivated and encouraged by the growing economic inequality between South Africa and the remaining SADC countries;
- Persistence of famine, ignorance, discrimination and other violent, conflict-generating phenomena, despite the globalised integration of economy and habits and the instant communication with any part of the world;
- Emergence of a rhetoric reflecting instances of micro-nationalism, placing national cohesion at risk;
- Absence of a linguistic policy to provide a framework for national languages;
- Prevalence of alienating values due to the scarcity of national sound, image and reading quality products;
- Tolerance towards expressions of racism;
- Lack of cataloguing national languages, dances, medicinal plants, endangered animals and plants, and other cultural values.

## 2.5 Economy and Development

### Diagnosis Summary

#### Potential

Mozambique has been going through consecutive years of economic growth, has substantial natural resources, and peace and stability are consolidating. Despite these encouraging elements, Mozambican economy and society are highly vulnerable and are excessively dependent on international aid and co-operation. Within this status quo, the Country struggles with a 70% prevalence of absolute poverty, in 1997, and a growing internal debt. Floods in 2000 and 2001 deeply affected this trend of economic growth.

The Country has natural resources, potential, and relevant economic enterprises, such as:

#### Northern Region

Here we can find the Chipembe dam (Montepuez), Cuamba micro power station, the Rovuma, Lugenda, Lúrio, Montepuez, Mecubúri, Monapo and Messalo river basins. The deep-water harbour of Nacala stands out, as do the Lumbo-Monapo branch line and the railway between Nacala and Entrelagos, on the border with Malawi, including the Cuamba-Lichinga branch line.

#### Central Region

There are several road networks interlinking the provinces of Sofala, Manica, Zambézia and Tete, and on to Malawi and Zimbabwe. There are hydropower dams in Cahora Bassa, Chicamba and Mavúzi, the Zambezi, Ligonha, Lugela, Licungo, Púnguè, Luenha and Chire river basins. Infrastructures comprise the railway and the pipeline linking Beira to Zimbabwe, and the port of Beira with a cargo capacity of 7.5 million tonnes. In the central railway system, mention is to be made to the railways from Beira to Machipanda (Zimbabwe) and the railway Beira-Moatize, with the branch lines Inhamitanga-Marromeu and Sena-Vila Nova (Malawi).

#### Southern Region

There is the Chókwè irrigation system, the Massingir, Macarretane, Pequenos Libombos and Corumana dams. Here, we can find the Save, Inharrime, Elefantes, Incomáti, Umbelúzi, Tembe, Maputo river basins, among others. Furthermore, there is the Maputo port, with a cargo capacity of 14 million tonnes per annum, and the railways to South Africa, Zimbabwe and Swaziland.

Besides the above resources in the three regions, mention should be made to the following:

- Agricultural potential namely in maize, sorghum, millet, beans, tobacco, sesame, sunflower, groundnut, coconut, cashew, cotton, rice, tea, banana, citrus and vegetables;
- Rapidly-expanding re-stocking of livestock is;
- In mineral resources gold, precious and semi-precious stones, copper, marble, graphite, heavy sands, natural gas and mineral water, are all worth mentioning;
- Forests with abundant and diverse timber species, endemic wildlife. Parks and natural reserves have not only a dormant economic potential but are also important tourist attractions as a complement to the beaches along the coast and lakeshores. These resources may enable historic, cultural and scientific tourism;

- The fishing sector is notable in the Mozambican economy due to its potential in terms of revenue collection and diet improvement for a substantial part of the population.

### The Various Stages of Economy

The current stage of the Mozambican economy is the result of economic, social and cultural policies implemented in three major periods of in our history:

- The colonial phase up to 1975;
- National Independence in 1975 and the socialisation programmes in the Country;
- More recently, since 1987 to present, the implementation of the market economy principles.

Despite their specificity, each of these phases absorbed internal and external shocks. The economic policies adopted during these periods did not focus on the most important structuring aspects, nor did they take into account the existing macro and micro linkages or the real capacity available in terms of human resources.

Colonial domination was characterised, in certain regions of the Country, by the compulsory production of cotton, prevalence of the system of *prazos*, big plantations, migrant labour to neighbouring countries and the insertion of the Country into the Portuguese economic space. The complex railway-port infrastructure, the pipeline and the impressive Cahora Bassa dam were built to serve the interests of neighbouring countries. Local industry was dependent on the import of equipment, machinery, components and spare parts. For that purpose, the so-called Industrial Conditioning Act was in force, within whose framework the central authorities in Portugal approved structuring industries. No industry in the colonies was authorised to compete with the industries of the colonial metropolis.

In the sectors of commerce and industry, and in the various professional categories, almost all leadership positions were taken by colonists. Most of the national workers employed in the industry and agriculture had no professional qualifications.

**Table 3: Annual Production, Investment, Commerce Growth Rates 1960-2001, in percentage**

	1960-73	1974-86	1987-96	1997-2001
<b>GDP (real)</b>	5.15	-3.91	4.59	9.30
Agriculture	2.18	-3.09	5.75	4.10
Manufacturing	12.07	-8.56	0.49	20.00
Construction	44.49	-1.75	0.33	12.03
Transport and Communications	13.42	-4.88	8.45	10.00
Other	5.75	-1.85	6.06	
Gross Capital Earnings	5.30	-2.87	4.20	17.75
Exports (real)	1.87	-6.28	9.98	25.10
Imports (real)	1.88	-344.00	-0.11	5.00
Consumer Price Index (basis 1980)	4.02	10.79	62.17	8.94

Source: MPF (2002) "A Economia Moçambicana Contemporânea- Ensaíos " INE (2000,2001), Anuário Estatístico

The economic policy implemented in 1975 tried to substantially alter the economic structure inherited from the colonial period. Upon proclamation of the National Indepen-

dence, land, health services, education, and law firms were nationalised. Except for one private bank, all other banks were placed under State management.

Some strategic companies in the sector of oil distribution and coal production were nationalised, and hundreds of small- and medium-sized enterprises operating during the colonial time and abandoned by their owners or economic agents were intervened.

The priority for social issues was frustrated by the military aggression, and destabilisation carried out by neighbouring countries brought about serious consequences to the Country. The United Nations estimated that the direct damages for Mozambique with the implementation of sanctions decreed by the UN against the Unilateral Declaration of Independence (UDI) in Southern Rhodesia, the minority and racist regime of Ian Smith, exceeded US\$ 550 million. UNICEF estimated that from 1975 to 1988 the accumulated costs of destabilisation in Mozambique by apartheid amounted to US\$ 15 billion (at 1988 prices), i.e. 4 times the 1988 GNP.

Even more serious was the boycott imposed by apartheid on our Country, which determined profound changes to the Mozambican economic structure and the consequential negative effects in the balance of payments, resulting from:

- Unilateral interruption of gold profits generated in compensation for mining labour (1978);
- Reduction in railway- and port-related revenue, e.g. in Maputo from 6.8 million tonnes in 1975 to 446.2 thousand tonnes in 1988;
- Reduction in the number of Mozambicans in South African mines, from 120 thousand to 40-50 thousand.

Additionally, upon independence, the war that lasted for 16 years determined deep changes in the life and health of Mozambican society, consequential to the destruction of infrastructures, factories, the interruption of development projects, bridges, schools and hospitals, disruption of production and forced displacement of populations from their places of origin, and migration to neighbouring countries.

War, the lack of qualified labour and poor management knowledge rendered impossible the materialisation of structuring projects in the agricultural, industrial and construction sectors.

Other negative effects fell upon Mozambique:

- A succession of natural disasters, such as cyclic drought and flooding, catastrophic cyclones, have been hitting substantial parts of the Country in the past few years;
- Changes in world economy rules, with emphasis on excessive fluctuation of interest and exchange rates;
- Cumbersome customs duties and inefficiency costs of monopolies, previously State monopolies and now public and private monopolies in the sectors of energy, telecommunications, banking services, transportation;
- Uncertainty and extreme volatility of the world economy and policy, associated to in-depth political, economic, financial, technological and cultural transformations introduced in the planet for the last 25 years.

In wartime, after joining the International Monetary Fund (IMF) in 1984 and the World Bank in 1987, substantial economic reforms were introduced within the framework of the Economic Rehabilitation Plan (PRE). Later on, in the 90s, a social dimension was added transforming it into PRES. Recently, the Government Five-Year Plans entered into force, from 1994 to 1999 and from 2000 to 2004, which unfold in the yearly Social and Economic Plans and the Action Plan for the Reduction of Absolute Poverty - PARPA.

Within the context of these structuring plans, the Ministries regularly prepare their respective sectoral programmes and strategies, noticeably:

- PROAGRI, which includes components on institutional support, research, extension and support to production, and strengthening of the family sector;
- Rural Market Support Programme (PAMA);
- Public Sector Reform Programme;
- Legal and Judicial Reform Programme.

When the war ended, despite the introduction of broad economic reforms in 1987, some important constraints persisted, noticeably the high dependency on external aid and the poor development of Human Capital.

Under a macroeconomic perspective, the years following peace showed important signs of growth and donor optimism, chiefly as the result of mega-project's output and the reconstruction of infrastructure destroyed by war and floods, as well as of projects re-launching.

From 1994 to 2002, the Gross Domestic Product (GDP) increased on average 6.4% per annum, and some years it grew at a two-digit rate. Most of such growth resulted from reactivating agricultural production, population resettlement and growth in the industry, construction, energy and tourism sectors. Consequently, GDP in 2000 was 32% higher than in 1994. Considering that the overall population increased 10-13% during the same period, this means that on average (not accounting for the tragic effects of AIDS), national wealth growth was higher than population growth.

The macroeconomic dynamism was not equally distributed in the Country, and it had no massive social effect. In fact, gross domestic product (GDP) per capita increased from US\$ 167.00 in 1996 to US\$ 243.00 in 1999, and decreased in 2000 due to the serious floods that affected more than one third of the Country. This growth was not the same in the various regions of the Country, nor was it felt by most of the population. Recent statistical data show that in successive years from 1996 to 2000, Maputo city showed an average income per capita above US\$ 1,000.00 per annum (and above US\$ 1,200.00 in 1998 and 1999) while this index was US\$ 250.00 for the rest of the Country in 1999.

More recently, because of the natural disasters that affected the Country in 2000 and 2001, and considering the Country's extreme vulnerability, the income per capita decreased. Poverty index remained at very high levels, which, among other aspects, generates harmful social effects and increases the crime rate.

From 1987 to 1996, inflation was relatively high - the annual inflation rate was 56.5% in 1995. From 1960 to 1973, prices increased at a very slow rate. Between 1974 and 1986, the price index increased at such a pace that prices doubled every 6 years, and more recently, from 1987 to 1996, the price index increased significantly, doubling every 1.2 years.

**Table 4: Evolution of Inflation Rates**

1960/73	1974/86	1987/96	1997	1998	1999	2000	2001	2002
4.02%	10.79%	62.17%	6.2%	- 0.96%	6.2%	11.4%	21.9%	9.1%

Source: Bank of Mozambique (2003)

For the last 5 years, official data indicate that inflation has been under control. However, the results of inflation control have not benefited the productive sector via interest rates,



which should have dropped accordingly. Interest rates stayed above 25% in real terms, thus seriously penalising the productive sector.

On the other hand, the increase in inflation was not accompanied by maintenance of real salaries, thus eroding individual income, particularly among people with medium or low income levels.

In order to ensure greater inflation control and to promote the free operation of the market, as from 1987 the Country adopted structural adjustment measures within the context of agreements with the International Monetary Fund and the World Bank. Public expenditure was drastically reduced in relation to revenue. Cuts in the education, health and construction sectors were substantial; state-owned companies were privatised and the currency was devaluated to correct the exchange rate distortion, to promote exports and to attract foreign investment.

Both peace and the measures taken contributed for improving the business environment and re-launching the economy, which resulted in economic growth and improvement of living conditions, including for rural citizens. Yet, poverty remains a real concern. Special programmes for fighting poverty were designed and implemented.

Current challenges are enormous. The balance of payments on current account, excluding donations, has shown a sharp deterioration trend, and in 1996, the external debt was 261% of GDP, the basis for the assistance granted by the international community within the scope of HIPC initiative, through which a significant part of the external debt was cancelled. Conversely, the debt has been increasing, mainly due to the substantial deficits in formerly state-owned banks. On the other hand, the compensation of imports by exports shows worrying trends, deteriorating the balance of payments on current account of the Country. These variables - deficit in payments on current account (excluding donations) and increase of public debt - show a trend of deterioration in the period of reform implementation.

**Table 5: External Fiscal Balances (percentage of nominal GDP) / 1960 - 2001**

	1960-73	1974-86	1987-96	1997/01
Deficit in the balance of payments on current account (including donations) / GDP	1.13	5.78	11.35	
National Gross Savings / GDP	9.06	6.60	10.33	32.10
Investment / GDP	10.19	12.38	21.68	4.02
Total Fiscal Balance / GDP	0.56	0.32	-12.82	-11.10
Current Fiscal Balance / GDP	7.54	0.27	-1.12	-3.10
Imports / Exports	1.73	3.50	5.94	3.12

Source: MPF (2002) "A Economia Moçambicana Contemporânea - Ensaios"  
INE (2000,2002) Anuário Estatístico  
Banco de Moçambique (2001, 2002) Boletins Estatísticos

The macroeconomic policies of a neo-liberal nature introduced in the 90s emphasising the financial / monetary aspect were implemented in the absence of the complementary support policies and actions in the microeconomic level in the productive sector, leading to an increase in the commercial sector to the detriment of industrialisation. There was a loss in the relative weight of agricultural production, urbanisation and productive ser-

vices, and the main factories and SMEs closed down. In consequence, 'informalisation' of the productive and commercial sectors propagated to the whole Country.

The national economy stability has been essentially appraised through macro-financial indicators, such as the inflation rate and the exchange rate. These indicators are, however, just the monetary reflex of the structural problems existing in the financial system.

**Table 6: Gross Domestic Product Structure in Mozambique (%)**

	1997	1998	1999	2000
Agriculture	24.9	24.2	24.6	22.9
Fisheries	3.7	3.1	2.6	2.7
Manufacturing Industry	9.9	10.8	11.3	13.0
Construction	7.0	7.9	9.6	10.2
Transports and Communications	9.1	8.5	9.2	9.1
Trade	23.3	22.6	22.5	24.4
Other Sectors	22.1	22.9	20.2	17.7

Source: UNDP (2001) National Human Development Report

The agricultural sector analysis points to the following:

- In the total Country surface area, there are about 36 million hectares of arable land, distributed by 15 agro-ecological zones, of which about one fifth is cultivated and 19 million hectares comprise native forest. The irrigated area is negligible. In general, soils are fertile and the climate is hot and wet, average rainfall stands above 550 mm per annum, which is acceptable in normal years, and there are abundant rivers, streams, and ground water. As far as natural disasters are concerned, droughts, flooding, and erosion succeed regularly, and there are trends of desertification with devastating consequences in some areas of the Country;
- Mozambican agriculture is mostly small-scale agriculture. The absence of a regular market contributes to focusing family agriculture too much on meeting subsistence needs. It is characterised by little use of improved technologies, intensive use of labour and lack of financial capital;
- Rural families are able to generate about 80% of their income directly through agricultural production; the remainder 20% come from non-agricultural activities associated to local economy;
- 70% of the rural population lives under the poverty line in result of not only the low level of agricultural production, but also the weakness of complementary areas, namely the poor functioning or rural markets for agricultural products and inputs, the inadequate rural roads and the insufficient use of agrarian products.
- The inefficient management and consequent shutting down of AGRICOM and the Mozambican Grain Institute substantially reduced the capacity to absorb agricultural surpluses from small farmers at a low price.

Peace allowed to:

- Expand cultivated areas, livestock restocking and re-launching of agricultural production - in 2001/02 grain production (maize, rice, sorghum and millet) accounted for 1.8 million tonnes, 200% more than in the 1990/2000 campaigns. FAO data pointed

to a reduction in the external food aid trend, which lowered from 929,000 metric tonnes received in 1992 to just 70,000 in 1996;

- Initiate the recovery of sugar, tea and tobacco industries. The cashew industry was shut down following the implementation of inconsistent sectoral policies. Liberalisation of the import market and inefficient management shook the cotton, textile, clothing, and food oil industries, as well as the SMEs;
- Develop new opportunities for agricultural production such as tobacco, sunflower, sesame and paprika.
- The medium-sized and big agricultural companies generally survive in an environment of permanent crisis and face serious financial and economic problems.

The following is inferred from the analysis of the industrial and agro-industrial sector:

- Industrial growth shows clear signs of slowing down and a trend towards stagnation. If the effect of the mega-project Mozal is taken out of the equation, the added weight of the manufacturing industry in GDP in 2001 is identical to that of 1971 and 1961;
- A process of excessive concentration and poor diversification of the industrial structure: Mozal, foodstuff and tobacco industries account for more than 80% of the industrial product. Engineering industries, creators of technological capacity and promoters of dynamic linkages - metallurgical and machinery industry, and chemical - stand for about 7% of the industrial product, and this proportion is rapidly decreasing. The structure of the industrial product has not changed substantially in the last four and a half decades;
- The concentration of industrial production has increased. The relative weight of the main ten industrial products rose from 50% in 1959 to 80% in 2001. In the same period, some important industries nearly vanished, such as cashew nut processing.

The relationship between stability of external accounts and productive structure of the economy in Mozambique lets us realize that:

- The economy imports much than it exports. It should be noted that in 2000 and 2001, the commercial deficit shrank rapidly (Mozal exports), after a substantial expansion in 1999 (imports for Mozal);
- There was an increase in the services deficit - the weight of interest, investment services and private transfers, all associated with the flow of external capital. Therefore, there is an obvious cost to external capital. This cost is also identifiable in the capital account deficit, despite the flow of direct foreign investments;
- The overall balance deficit is very close to the commercial deficit in the past 20 years, but in 2001, the global deficit was twice as much as the commercial deficit. Therefore, although direct foreign investment in mega-projects may have a strong impact in reducing the commercial deficit, its impact in the overall balance is more complex depending on how much does that capital cost to the national economy.

Industry export basis is becoming more concentrated and more limited:

- In 2001, over three quarters of industrial exports were originated in a single aluminium smelter. Not counting the fact that such a production and export structure is little flexible and little elastic in relation to investment, it also limits earnings from economic growth, restricts the development of technological capacity and makes the economy much more vulnerable to external blows;
- Each time investment in the economy increases substantially (1979-82 and 1999-2001), the import structure is noticeably changed - import of investment goods (equipment,

- spare parts and raw materials) attained 80% of total exports. This shows that the national productive basis is strongly dependent on imports. In summary, each time the economy and investment expand, the balance of payments has a crisis;
- Private investment increased significantly, but is very unstable. This instability results from the fact that investment is concentrated in a small number of big projects, which obviously do not invest similar amounts every year - Mozal, heavy sands, sugar, beer and cement. If investment were to be made in a smaller but more diverse and broader scale, aggregated flows would be less unstable. The direct domestic investment is less than 7% of the total private investment. Direct Foreign Investment is concentrated in mega-projects and mobilises the remaining part of resources (including loans and direct domestic investment) to mega-projects.
  - Despite all the measures of tax incentives for diversifying the location of investments in transport and communications, banking, construction and industry, they are still very concentrated in Maputo, which absorbs 69% of total investment and 75% of Direct Foreign Investment. For the rest of the Country, investment is highly concentrated in a small number of projects - e.g. Pemba Bay Tourist Resort, Moma and Chibuto Heavy Sands, Sugar in Zambézia and Sofala. In each of these cases, investment represents 75-90% of the total investment in the province. Such inter- and intra-regional concentration is not only the result of differences in economic conditions in each region, but also of decisions of private capital holders, who invest where they believe will get greater benefits;
  - In terms of sectoral investment, industrial and mineral resources mega-projects absorb nearly 90% of direct foreign investment and more than 60% of total investment - out of the 10 mega-projects in Mozambique, 7 are directly related to the South African mineral-energetic complex and the remaining are indirectly related to it. These three latter projects are vital infrastructural projects for South Africa;
  - South African investment accounts for 35% of direct foreign investment in Mozambique. South African investment is concentrated on:
    - Mozal 1 and 2 (500.000 tonnes of aluminium per annum, equivalent to US\$ 2,4 billion);
    - Temane-Secunda Pipeline (Pande gas), US\$ 1 billion;
    - Limpopo and Moma Heavy Sands, US\$ 1,6 billion;
    - Maputo Corridor (infrastructure), US\$ 1 billion;
    - Motraco (Mozal power plant), US\$ 140 million;
    - South African investment controls 3 of the 4 sugar mills, 3 of the 4 breweries, all major soft drink filling plants, big mills and most tourist facilities;
  - Portuguese investment controls the banking sector, the only cement company, and has influence on insurance and construction companies;
  - Investment projects are determined by corporate strategies at the regional or international scale, rather than seeking static, short-term comparative advantages or fiscal or other benefits. Massive investment decisions on aluminium, natural gas, heavy sands, beer and sugar, should be looked at under the perspective of the South African mineral-energetic complex globalisation;
  - The economy is becoming more limited and less diversified, with fewer opportunities for developing broad-based linkages, employment and productive and technological capacity. The impact of mega-projects in the trade balance is positive, but their impact in the global balance is mixed. Investment intention patterns are being

freely determined by foreign corporate strategies, particularly regional ones, and there is very little systematised information on those strategies and the way to articulate them with the remaining national economy.

Performance evaluation in the 100 bigger companies in Mozambique in 1999, in relation to the previous year, shows that the economy is undergoing major transformations:

- Turnover in the 100 bigger companies corresponds to 35% of GDP mp (at current prices) estimated at US\$ 4 billion in 1999;
- 23% of turnover relates to only 6 companies in the energy and fuel trade;
- The ranking of larger companies according to their liquid assets, except for HCB, is led by state-owned enterprises with monopoly in their field of business, namely CFM, EDM, TDM and LAM;
- Control of the banking sector is exercised by majority foreign interests;
- The number of workers in the 100 bigger companies had a negative variation of 1.6% in 1999, as compared to the previous year, with:
  - Negative variations of 13.2% in industrial and banking sectors;
  - Positive variations in trade and services sector (12.3%) and food and beverages (6.1%), which generated new jobs.
- Among the 100 bigger companies, 52 operate in the commercial area, banking, insurance and other services. The remaining 48 comprise 17 companies in Industry, 5 in Fisheries, 8 in Agriculture, 6 in Construction. Oddly, in an essentially agricultural Country, the economy tends to specialise in service provision and trade.

In 1999, when the economy grew 7.3%, only 91 of the 100 bigger companies stated a net gain, which, on average, places most companies near their break-even or operating at a loss, namely:

- 25 stated losses;
- 41 showed profits under US\$ 250 thousand;
- Only 11 declared profits above US\$ 1 million. These companies operate in areas where they hold the monopoly or oligopoly, such as TDM, EDM, BIM, BSTM, Televisa, Mobil, ADM, and Banco de Fomento. The only company in the productive sector is Pescamar. An exception should be made to HCB and BCM, which showed substantial losses.

In general, companies face serious endogenous and/or induced problems:

- Tenthhs of companies lack capital or are under technical bankruptcy for inefficient management and obsolete equipment or competitive inability, which generates losses in production, increases unemployment, determines losses in the companies' technical and historical know-how, the degradation of infrastructure and capital loss;
- A significant part of companies suffered destruction of their assets, of trucks, hundreds of vehicles, and witnessed the destruction of equipment, factories and production plants. Agricultural enterprises were plundered, crops were burnt, shops and *cantinas* were abandoned, stocks were depleted, crops were abandoned, technicians, drivers and cadres lost their lives;
- Companies also experienced successive years of natural disasters, the crisis resulting from price fluctuations in the world market, particularly the international price clash and the effects of deterioration in the terms of trade. Accumulated damages were large, most of which supported directly by farmers, companies and their respective workers. The war has ended but in the creditors' books, especially banks, capital and defaulting interest continue to be debited. Because they discontinued reimbursement of loans, such companies are no longer eligible to bank credit;

- Due to historical reasons and various vicissitudes, the emerging Mozambican private sector is weak and crippled by a demanding market with high quality standards and competitive prices. Its accumulation basis is incipient and its technical and managerial capacity is too precarious. Successive changes in market configuration, the high cost of inputs and money, seriously affect national capital, more than they do to foreign companies that are better equipped both technically and financially. This is, in general, the first generation of private Mozambicans who, with their limited capacity and inadequate structures, face the market in an uneven fight.

The recent privatisation of banks led to take over by foreign groups, reduced credit volume to agriculture from 39% to less than 20% during the past 5 years, and practically eliminated credit to medium- and long-term investment. There was also a substantial growth of bank credit to the Government through Treasury bonds, which is considered as having zero risk. Fifty-five branches were closed down throughout the Country. Privatisation of BPD and the consequential termination the promotion to development, reduced funding to agriculture and substantially diminished credit for construction and housing.

Despite the allocation of considerable resources to rural areas, the situation in the countryside in terms of income per capita remains very difficult - agricultural yield per hectare is still one of the lowest in Southern Africa, offering little competitive advantage.

In all of the Country, the informal sector is a reality in the commercial integration of the countryside and cities, conditioning development of the formal sector.

The weakness of the State apparatus and inefficiency of services rendered not only burdens formal companies but also disincentives national and foreign investment. In the case of imports, there are various procedural difficulties in clearing equipment in customs. Labour legislation also needs urgent review in order to adjust it to market economy.

Most state bodies only act through administrative repression, abusing the application of fines, usually on the formal sector. As for the informal sector, despite the unfair competition with the formal sector, it does not pay taxes nor is it subject to sanctions. In fact, the informal sector pays illegal fees to certain police and customs officers that facilitate their businesses.

### 2.5.1. Determinant Variables

These are the assumptions that will determine the course and direction of the economy in the next 25 years. The list is as follows:

- Peace and stability, as a sign of confidence and security of long-term investments;
- Justice and legality, under the perspective of valorisation of property and contract security;
- International environment, in determining the future of the economy and phenomena such as globalisation and investment flows;
- Education, science and technology, as vectors for increasing knowledge in population and the quality of human resources;
- Scientific research and development, above all in matters directly related to the solution of problems affecting the whole Country, such as diseases, drought resistant seed production, among others;
- Valorisation of local knowledge, exploring less costly options resorting to local knowledge and materials;

- Work culture, as a way to making human resources able to compete at the regional level;
- Liquid fuel, particularly oil, in what concerns its influence in the behaviour of production and transport costs;
- Regional integration as a phenomenon that increases the market portion available for national companies and protects the Country's interests in a more sound way;
- HIV/AIDS and other endemic diseases with a negative impact in the availability of human resources for production;
- Public sector reform.

## 2.5.2. Events with Future Implications

The events with future implications are the following:

- The issue of ownership of land, marine and freshwater resources, will have substantial impacts in the economy of the Country;
- Managerial capacity in national companies and productivity of their workforce, with implications on the pace of development of national companies;
- Cessation of external debt payment in 1984, as well as the purchase of commercial debt and the HIPC initiative;
- Oil crisis, crucial to stability of the national, regional and world economy;
- Education, namely technical and vocational training, fundamental to the Country's capacity for generating a society of entrepreneurs;
- Approval of the legal framework enabling the private sector to intervene in the expansion of the education sector;
- Informal sector of the economy as a significant burden to the productive process and circulation of goods, with potential for increasing tax revenue collection;
- Mechanisms to finance development;
- Implementation of SADC Protocols, with emphasis to the Commercial Protocol;
- Public sector reform;
- Institutional suspension / weakening of agricultural marketing;
- Inexistence of food security reserves;
- Full liberalisation of trade and prices, with implications in the reduction of industrial processing and manufacturing activity;
- Implementation of PARPA and its effect on the most underprivileged social strata;
- Nationalisation of land and promulgation of the Land Act, strategic conditions for the sustainable development of human settlement in rural and urban areas;
- Liberalisation of the real estate market;
- Better use of opportunities offered by tourism for re-launching economy and development;
- Forestry and wildlife act;
- Uncontrolled bushfires, unruly felling of timber, lack of reforestation programmes;
- Lack of programmes for protecting endemic and rare and/or endangered species;
- Use of harmful techniques in fishing and poaching;
- Progress in renewable energies;
- Establishment of Protected Areas for recovering natural, historical and cultural heritage;

- Approval of the national IT Policy and the corresponding implementation strategies;
- Expansion of mobile telephony and the advent of technological convergence - sound, data and image;
- Pandemic of HIV/AIDS, with a dramatic increase in the number of daily infections.

### 2.5.3. Critical Uncertainties

The critical uncertainties comprise the following factors:

- Soundness of the General State Budget and the Balance of Payments are currently strongly dependent on external aid;
- Coherence and consistency of macroeconomic and development policies;
- Increase of citizens' capacity for saving and indebteding;
- Gradual reversal of the excessive dependence on external markets;
- Relationship with the World Bank, IMF, EU, ADB, WTO, co-operation partners, with different policies;
- Confidence and legal security to rural communities, national and foreign investors in what concerns access to and control of land;
- Clearness on agrarian investment policies and strategies;
- Stability of commitments entered into concerning conveyance and privatisations;
- Managerial and maintenance capacity of public infrastructures, especially of immovable property;
- State willingness to maintain and develop public infrastructure by its own means;
- Effectiveness in the allocation of resources made available for roads and bridges;
- Conflict management capacity in the Country and magnitude and reach of organised crime;
- Integrated management of transfrontier natural resources;
- Capacity to preserve productive land in urban and rural areas and to protect fragile ecosystems from the harmful effects of human settlement;
- Growing capacity for managing natural disasters and the effects of global climatic changes;
- Full access to water supply and sanitation services;
- Enforcement and inspection of specific regulations in the environmental sector, as well as capacity for adopting measures to prevent and control air, water and soil contamination, and to reduce noise levels;
- Capacity for developing the appropriate cadastre systems;
- Use of statistics in the various activities, as well as the capacity for developing integrated systems of territorial and mapping information;
- Promotion of the equity of access to reliable information using modern communication technologies and networks;
- Cost of energy resources;
- Successful growth of national entrepreneurs in their capacity for creating wealth;
- Success in the fight against corruption;
- Capacity for controlling the Country's indebtedness.



## 2.5.4. Trends

These are the following:

- Implementation of PARPA with support from the international community, whose objectives and goals coincide with the recommendations in the Millennium Development Goals sponsored by the United Nations and aimed at the reduction of poverty to 50% by 2015;
- Greater openness by the Government to support and expand the entrepreneurial sector, highlighting formalisation of the dialogue already started;
- Improvement of management methods and learning modern ways of doing business among entrepreneurs;
- Expansion of the tax base by sensitising tax payers and attracting the informal sector to the formal sector;
- Attraction and promotion of national and foreign investment;
- Increased diversification of production;
- Political pressure from some social groups and strong economic and political sectors linked to land speculation, concerning review of the land act;
- Increased community involvement in the concession of land use and tenure rights, sometimes replacing the function of State;
- Worsening of conflicts around the property and management of natural resources, particularly land;
- Increased activity of NGOs and other civil society organisations in rural areas;
- Increased community involvement in the management of Protected Areas and natural resources in general;
- Expansion of energy and communication networks;
- Prevalence of the conflicts of interest between institutions and communities;
- Prevalence of external dependency;
- Positive decentralisation and de-concentration trend;
- Trend in state bodies for dismissing the exercise of their regulating, supervising and monitoring functions.

## 2.5.5. Past and Present Strategies and Results

The following strategies are worth highlighting:

Colonial Past

- Ownership of inputs fully held by colonists and foreigners;
- Locals sold labour for low salaries;
- Forced labour (*chibalo*);
- The sale of cheap labour to mines and farms in neighbouring countries in exchange of payments in gold was a common economic practise;
- Settlement of Portuguese farmers on the most fertile and irrigated lands;
- Infrastructures were mostly meant to serve Zimbabwe (former Southern Rhodesia), South Africa and Malawi (former Niassaland);
- Mozambique used to export vegetables, citruses and fish products to neighbouring countries;
- The Country had tourist facilities and, for that reason, was an important reference for foreign visitors;

- The national industrial sector was one of the biggest industrial stocks in Africa;
- Mineral, forests and marine wealth were at the disposal of the colonising power and used to its benefit;
- Use of the colonial armed forces, particularly of the military engineering companies, in infrastructure construction works such as roads, railways, public buildings, among other.

#### Post-Independence

- Land is constitutionally defined as State property;
- Centrally planned economy;
- Education, health and professional services were nationalised;
- Various companies and production units were intervened by the State due to abandonment;
- Part of the industrial stock was destroyed during the war.

#### Present

- Land is still property of the State;
- Free-market economy;
- Railway / port and road infrastructures were transformed into the development corridors of Nacala, Beira, Maputo and Libombos;
- Part of the industrial stock was destroyed during the war, and the remainder was privatised;
- Many of the recently privatised factories were closed down or transformed into warehouses;
- The Country imports more than it exports;
- Irrigation systems are inoperative and there is no generalised practise of irrigated agriculture;
- The emerging Mozambican private sector is still incipient;
- There is no plan for empowering national entrepreneurs coming from traditionally disadvantaged sectors.

#### Results

- Economic activity dominated by foreigners;
- In general, Mozambicans do not have the financial capacity to compete with their foreign counterparts;
- There is some concern over the procedures for land allocation in urban areas;
- Registering and issuing land titles are very slow processes;
- Economic dependency on South Africa increases;
- Regional economic integration in progress.

## 2.5.6. Strengths

Within the scope of economy and development, the following points are to be considered:

- Peace, stability and democracy, particularly after a long period of war and conflict;
- Ability to capture external resources;
- Stability and control of inflation, essential elements for attracting investment and for undertaking projects;

- Cultural diversity;
- Openness in dialogue between partners, State, private sector, trade unions, associations and other civil society representatives, which opens some ground for trust and motivation of investment;
- Suitability of soils for various crops, both food and cash crops;
- Gradual integration of the Country into the regional economy;
- Remarkable growth and distribution of infrastructure and basic services network throughout the Country;
- Conveyance of more than two thirds of the State housing stock to the benefit of Mozambican families, now owning some real estate;
- Increasing participation of NGOs, co-operatives and other forces within the civil society in environmental protection, urban development and better standard of living;
- Valorisation of real estate and agrarian products;
- Gradual increase in legally-secured access to land;
- Institutionalisation of environmental management;
- Regional co-operation and significant volume of infrastructure projects underway;
- Internal capacity for conflict management;
- Successful experiences in establishing farmer associations for providing services and creating market relations;
- Emergence of greater inter-institutional co-ordination and development of a consistent strategy to face adverse natural phenomena;
- Strengthening of internal and international solidarity actions and networks associated to natural disasters;
- Reorganisation of human settlements determined by natural disasters;
- Existence of policies to increase access to Information and Communication Technologies (ICTs) in the Country;
- Gradual increase of the Country's institutional capacity in the field of science and research, associated to the increased use of new technologies;
- Prioritisation of education and health, especially in the rural areas, in the definition of development strategies;
- Recognition of the prevailing role of rural communities and their institutions in the development process;
- Reforms in public administration, legal system and Justice Apparatus.

### 2.5.7. Weaknesses

This group comprises the elements constituting disadvantages in the system, the factors whose existence hampers normal progression in the Country. The list is as follows:

- Financial sector inadequately capitalised to face future challenges;
- Interest rates and bank commissions are extremely high, thus worsening the financial situation of both companies and citizens;
- Absence of subsidised loans for the various sectors of economic and social development, more so for rural development and house purchasing, especially for young couples, which curtails access to credit;
- The level of savings by citizens is, in general, extremely low;

- The lack of a development bank and the lack of interest shown by the recently-privatised commercial banks in providing credit to the rural sector has calamitous effects in the financing of development, especially in agricultural companies;
- Absence of specific economic policies to promote and stimulate investment in rural areas, namely promotion of agro-industries and vitalisation of the rural marketing network, and persistence of highly speculative costs in real estate and land tenure sectors;
- Lack of structure of markets, relatively distant from producers, reduction of the commercial network and shortage of own capital;
- Low level of entrepreneurial training and preparation generates downstream a low level of productivity of the workforce, precarious and inefficient management, and a low level of innovation and audacity in the sector;
- Gaps and omissions in the legal and institutional framework in the Country permitting ambiguity in regulations and facilitating corruption and excessive bureaucracy;
- Inadequate planning and regulation for land use and tenure generates insecurity and raises difficulties in revoking titles to those who do not use the land;
- Prevalence of a low index of urbanisation and inadequate urban planning in cities and towns, associated to the low technical and managerial capacity in municipalities in carrying out the function of promoting urbanisation;
- Extremely low educational level, especially among rural women, which delays their full participation in development programmes;
- Poor quality of technical knowledge and few resources for planning and projecting urban development and environmental management;
- Housing and urban development are not placed in the State's agenda of priorities, which translates into scarce financial, material and human resources made available by the State to promoting social housing and into the inadequacy of funds for new constructions and maintenance;
- Environmental damaging, particularly in urban centres and coastal areas;
- Poor capacity for forecasting and controlling the effects of natural disasters;
- Most of the agriculture uses only hoe and plough due to the unavailability of machinery and farm implements to hire or buy at reasonable prices;
- Difficulties of access to rural areas due to poor condition of secondary and tertiary roads, which, are generally subject to inadequate rehabilitation and maintenance works and inappropriate technologies;
- Maritime transportation is not taken advantage of, which is expressed by the little use that is made of the ocean as a major national 'road';
- The lack of co-ordination governs the various transportation systems, namely maritime, fluvial, rail, road and aerial transport, and there is a strong lack of structure between them, leading to the early damaging of roads due to excessive loads;
- The local transportation costs are very high when compared to the region and services provided are of poor quality, making local companies less competitive;
- Lack of national programmes for dams and dikes to retaining and storing surface water for irrigation, flood control and other purposes;
- Poor co-ordination between Immigration and Customs in facilitating transfrontier clearing, and heavy tax and duties burden on imports of equipment, inputs and materials for the productive sector, including construction and repair of infrastructure;

- Poor access to, and dissemination of ICTs to the whole Country, which is an negative factor for regional balance;
- Little development of analysis and dispersion of market information, as well as poor inter-institutional co-ordination to developing and making available statistical information, by either subject or region;
- High level of incidence of infectious and contagious and other endemic and pandemic diseases, such as HIV/AIDS, malaria, diarrhoea;
- Marked lack of articulation of human settlements, loss of historical and cultural references, social structure, and increased rural exodus mainly as the result of war;
- Uncompetitive qualified labour comparing to other countries in the region;
- Poor administration and management capacity in municipalities, essentially determined by the shortage of own human, financial and patrimonial resources, poor capacity for collecting fees, fines and taxes, and for adequately allocating municipal revenue, with a negative impact in the provision of essential services such as waste collection, road and street maintenance, public toilet cleaning;
- Institutionalised corruption in public services and in the private sector;
- Poor use of low-cost industrial options and intensive labour in processing various agricultural products and fruits;
- Inaction and tardiness in the operation of the Judiciary System in the resolution of conflicts of any nature.

### 2.5.8. Opportunities

These are elements external to the system, which, if taken advantage of, may cancel the negative effects identified under weaknesses, and may create the conditions for materialising a project and an ideal. The following points were identified in an economic approach to the Country:

- Use of territorial planning in order to establish criteria to human, service, industrial recreational, agricultural and livestock settlements;
- Decrease of unemployment through greater supply of jobs and self-employment;
- Eradication of all types of terrestrial (anti-personal) mines;
- Large expanses of land for production;
- Unexploited river basins with enormous potential;
- Untapped forestry, wildlife and mineral resources;
- Abundance of hydropower, gas and biomass potential;
- Protected areas of natural ecosystems;
- Privileged geographical location of Mozambique, sharing a border with 6 countries, with a long coastline and excellent navigation conditions, being the most economic transit route for people and goods into the hinterland countries;
- Abundance of natural resources, a considerable part of which still untapped, and existence of a relatively little polluted environment;
- Emergence of national entrepreneurs in the most varied sectors of activity;
- Establishment of measures to encourage the association of national and foreign entrepreneurs;
- Commitment of national actors and their international partners towards placing the development of rural areas at the top of their priorities;

- Existence of programmes, either in formulation or ongoing, for attending key issues such as rural roads, facilitation of market linkages, rural finance, promotion of agro-industries and expansion of irrigated areas;
- Tourist potential in rural areas;
- Greater demand for natural environments for tourism, particularly for eco-tourism and historical and cultural tourism;
- Emergence of regional markets, which strengthens commercial exchange, albeit still in an imbalanced manner;
- Maintenance of international trust and support and goodwill from donors;
- Mozambique is a preferential target for many foreign investments in provision of services and construction of infrastructures;
- Enforcement of international and regional protocols and conventions, including the SADC Trade Protocol;
- Availability of the Country's human capital;
- Agreements and protocols for sharing waters of international rivers.

### 2.5.9. Threats

The following are threats or inhibiting elements to development:

- Uncertain world institutional framework, particularly in what concerns the WTO, IMF, and the World Bank;
- Excessive dependency of Mozambican economy on external aid;
- Clear signs of fatigue from donors;
- Globalisation and liberalisation of markets and services;
- International market for the main export agricultural products is increasingly uncertain, which is determined by commercial barriers and tariffs, by excessive fluctuation in the price of primary products, and by the high subsidies granted by developed countries to their farmers;
- Water and energy shortages may give rise to difficult relations between SADC States;
- Competition for investors among Southern Africa countries. Competence / efficiency of South African companies may affect negatively our less competitive companies;
- Spreading of conflicts in some countries in the region, which may have a negative economic impact in countries such as Mozambique;
- Lack of government intervention in regulations related to market operation;
- Lack of a tradition of savings, resulting in weak financial capacity of citizens;
- Decline and inadequate guidance of investment in the Country, and escalation of regional asymmetries;
- The position of the financial sector is not favourable to credit for development, especially for rural development;
- Wrong agricultural practises increase the risk of desertification and erosion in altitude and densely populated areas;
- Inappropriate practises in tourism put the natural environment at risk and discourage the creation of wealth;
- Loss of cultural values due to various factors, above all transmigration via mass communications and new technologies;

- Inability for retaining the better qualified technicians in public research institutions, as well as in rural areas;
- Anarchy in the allocation of land generated by the lack of management capacity and inadequate regulations and inspections, as well as by corruption;
- Insufficient installed capacity for physical planning at the local level;
- Weakness of the construction materials sector, unable to compete in the regional context;
- Low population density and little urbanisation in large areas of our territory;
- School absenteeism, especially among girls and particularly during periods of increased agricultural activity;
- Conflicts in the utilisation and preservation of common natural resources;
- Disruption and destruction of biodiversity cycles;
- Vulnerability of the Country to natural disasters (cyclones, floods, droughts, pests of mice and red locusts);
- Possibility of aggression from neighbouring countries or organised crime groups with the purpose of destroying key infrastructure such as bridges, high voltage towers, communication systems and control of water courses;
- Increased indebtedness of the Country;
- Poor capacity for managing resources;
- Brain drain.

## 2.6 Governance

### Diagnosis Summary

#### Introduction

The exercise of State authority in Mozambique is inseparable from the ancient and recent history, of which four important phases are noteworthy:

- Pre-colonial period - characterised by the existence of several kingdoms and empires governed by customary law and traditions;
- Colonial period - characterised by the presence of the Portuguese colonial authority, which imposed repressive and discriminatory legislation in all domains of society. All laws were aimed at protecting the interests of the colonising power. The Public Administration action sought the perpetuation of colonial ruling. Customary law was enforceable only to natives and within the limits established by the ruling authority;
- Post-independence period - Five centuries of colonial presence and resistance to occupation ended with the National Independence proclamation on 25 June 1975, fruit of a liberation war under the aegis of the Mozambique Liberation Front - FRELIMO - led by Dr. Eduardo Chivambo Mondlane, to whom Samora Moisés Machel succeeded. During the rise to independence, suspicion, racism and uncertainty prevailed about the future among colonists, particularly in what concerned their private property, which led to the mass departure of entrepreneurs and technicians, and even of some national officials. By taking the destiny of the Country into its hands, the FRELIMO Government adopted a mono-party political regime

of Marxist-Leninist inspiration. Under the cold war context, the independence of Mozambique and Angola affected the geo-political and economic balances and the racist domination in Southern Africa. Mozambique, strongly dependent on the economy of apartheid, became easy prey to the colonial and racist interests that reigned in the region for decades. This conjuncture strengthened the strategy of the subcontinent's minority and racist regimes, nurturing discontent among some Mozambicans against the post-independence political regime, which culminated in the creation of the Mozambican National Resistance, RENAMO, initially called MNR or RNM. Under the context of the war between Mozambicans that ensued, the effect of United Nations' sanctions against Rhodesia, the boycott and armed aggression from the apartheid regime, the weakness of entrepreneurial management, and errors made in governance, all generated under a mono-party political system wherein separation of legislative, executive and judiciary powers was ambiguous, contributed to making unfeasible the development of the Country in its political, economic and social perspectives. To overcome the economic crisis, Mozambique was led to join Bretton Woods institutions in 1984. A series of macro-economic reforms were launched in 1987, aimed at stabilising the economy. The new Constitution of the Republic of Mozambique in 1990 brought about major changes to the Country's economic, political and social life, by establishing a legal framework enabling other political parties to participate in society and promoting market economy. These actions, combined with political stability in the Country due to the end of the war in 1992 and the general elections in 1994, despite the persistence of innumerable problems, determined a substantial improvement to the growth index, motivated by domestic and foreign investment and assistance from the international community. The intense dispute by RENAMO-União Eleitoral over the 1999 election results generated a climate of political and institutional instability, within which context the tragic events in Montepuez and other localities occurred. This was worsened by the deteriorating business environment due to the massive increase in organised crime and in corruption in the public sector, and contributed to some decrease in the level of trust among national and foreign investors.

- Reform period - In 1990, Mozambique adopted a new Constitution of the Republic, which introduced the multi-party system in the constitutional framework and enshrined the direct, personal, equal and periodic universal suffrage. General elections were held in 1994 and 1999. Municipal elections were held in 1998, covering 33 cities and towns, within the scope of the local administration reform. In 2003, the second municipal election was held. The separation of powers between the executive, the legislative and the judiciary, is under consolidation. Reforms to legislation inherited from the colonial system continue. The prison system is trying to adjust to current reality and to overcome the deficiencies it struggles with. The Supreme Court, other tribunals, and the Attorney-General's Office are going through a capacity-building process that involves development of the qualified technicians in its staff complement, down to the district level. The Administrative Tribunal, although only based in the Country capital, has been playing a crucial role in examining State accounts, approving or refusing the appointment of civil servants, among other administrative acts. Public Administration is undergoing a restructuring and modernisation process, and the Constitutional Council was established. Despite visible progress, the judiciary system is still inefficient and is not sufficiently credible. Citizens are not aware of their rights and the police is not effective in protecting people and goods.



## 2.6.1. Determinant Variables

We can identify the following determinant variables for the governmental action:

- Peace and political stability;
- Political pluralism and liberties enshrined in the Constitution (right to information, right of association, inter alia);
- Separation of Legislative, Executive and Judiciary powers;
- Decentralisation of power;
- Recognition of State institutions;
- Local governance;
- Respect for Human Rights;
- Transparency and accountability;
- Fight against corruption;
- Fair distribution of national wealth;
- Equal rights (including linguistic and cultural) and opportunities;
- Participation / negotiation of the various actors in the process of economic and social development;
- Peaceful resolution of conflicts;
- Access to information.

Exercising the right to information is one of the touchstones for materialising the Mozambican citizenship and identity. The right to information provides a voice to citizens and their participation, which is crucial for building a Democratic State.

## 2.6.2. Events with Future Implications

Among the main events identified as having future implications in governance in Mozambique, the following should be mentioned:

- National Liberation Armed Struggle (1964-1974), which eliminated colonial ruling;
- The National Independence, in 1975, is a governance landmark in Mozambique, which became a Nation whose citizens started to have the right to decide their own destiny;
- Adoption of a Marxist-Leninist political regime immediately after national independence;
- Military aggression and disrupting actions carried out by the Rhodesian and South African apartheid regimes;
- Passing of the Constitution in 1990, thus opening space for the existence of various political parties and enshrining the right to freedom of speech, association and press, as well as the right to information;
- Passing of the Press Law in 1991;
- Signature of the General Peace Agreements, in 1992;
- Undertaking of general and multi-party elections in 1994 and 1999;
- Decentralisation of political power, which was started with the municipal elections in 1998;
- Introduction of new information and communication technologies and approval of a national IT policy;

- Approval of Decree 9/93 of 22 July, which regulates the conditions under which the co-operative, mixed and private sectors participate in the domain of radio and television, as well as the advent of public and private companies in the media sector;
- Creation of SADC (1980), African Union (2002) and NEPAD (2002);
- Advent of civic associations standing for Human Rights, fighting against corruption and pacifying the Country;
- Establishment of consumer associations;
- Continuous world globalisation process;
- Ratification of international conventions and treaties, namely those concerning the elimination of all forms of racial discriminations, of all forms of discrimination against women, on civic and political rights, on economic, social and cultural rights, against torture and other cruel, inhumane and degrading punishments or treatments, and on the rights of the child.

Concerning the media, it should be stressed that the democratic process the Country embraced since signing the General Peace Agreement in 1992, enshrined the right to information, supported by a free, independent, and pluralist press, which has been trying to produce a more credible, influential, and educational information, at the reach of all Mozambicans and contributing for the consolidation of pluralist democracy.

### 2.6.3. Critical Uncertainties

Considering what was previously mentioned on strengths and weaknesses, as well as on the variables determinant to governance, we may infer that the unpredictability of resource availability (human, material, and financial) and the prevalence of events or occurrences, are crucial to the governmental action. The main uncertainties concern:

- Maintenance of Peace and maintenance of a constructive dialogue between the national political forces;
- Continuation of external aid;
- Cyclic natural disasters (floods, droughts and cyclones) hitting the Country periodically;
- Prevalence of the socio-economic effect of the usual endemic diseases such as malaria, cholera, tuberculosis, and HIV/AIDS;
- The state of absolute poverty that characterises the majority of the Mozambican people;
- High illiteracy rate;
- General elections (presidential, legislative, and municipal) and the campaigns of competing parties dependent on external aid;
- The system for ascertaining results has to guarantee the necessary transparency;
- Attitude of future governments in regard to the freedom of speech, of press and the right to information;
- Establishment of an anti-democratic government;
- Labour, press and election laws may be changed only by a Parliamentary majority of two-thirds;
- Advent of instances of racism and of ethnic and religious rhetoric, which put national unity and identity at stake.

## 2.6.4. Trends

The historical moments of governance in Mozambique were marked by events or occurrences that did, do, and will leave, their mark in the future. Some of those events characterise a governmental action trend in the Country, and the following should be highlighted:

- Rejection of centralisation policies in the organisation and management of the State, which has been progressively reducing its intervention in the economic activity by taking up a role of promoter, regulator and facilitator;
- Increasing population migration, mostly the young people, from the countryside to the cities;
- Enrooting of a "*laissez passer*" attitude within the public administration that favours lethargy, inaction, and an enabling environment for corruption;
- Concentration of the media in the capital and in the main urban centres, thus limiting access to information for most of the population;
- Termination of the State monopoly over the information production and dissemination means;
- End of State interventionism in the media editorial activity;
- Advent of more civic organisations addressing issues of national interest and participation of the civil society in the debate of national issues;
- Public communication bodies evermore dependent on the market, thus diluting their characteristic of non-profit organisations and exclusively devoted to the activity of information, education and entertainment;
- Increase in private investment, including foreign investment in the media sector, conveying information to and from sections of society without access to the media;
- Awareness raising concerning citizenship and patriotism;
- Acceptance and protection of the democratic principles and values, gradual deconcentration and decentralisation of political power, and the consequential increase in participation of the population in governance in their municipalities;
- Abolition of partisanism in the Mozambican State, counteracting the post-war overlapping of State and Party;
- Increase in organised crime;
- Establishment of more political parties;
- Illegal enrichment of some elites.

## 2.6.5. Past and Present Strategies and Results

**In this domain, the following should be highlighted:**

### Colonial Past

- Strategies adopted aimed at perpetuating domination, exploitation, discrimination, oppression and intensification of the dependency on Portugal and its geo-strategic regional interests.

### Post-Independence

- Independence brings about political emancipation, fights the degrading values of the past, reforms the colonial State apparatus ("*escangalhamento*"), and the people achieves a new nationality - the Mozambican nationality;

### Present

- The consolidation of political independence and the struggle for economic progress continue;
- Values of national identity and unity are promoted;
- There are reforms aiming at consubstantiating democracy and participation;
- Important steps are given towards deconcentration and decentralisation of administration, and participation of citizens in decision-making increases;
- Certain professionals accumulate revenue and jobs in the public and private sectors;
- Appointment of technicians and other professionals in Public Administration according to political criteria.

### Results

- Peace and stability characterise the current moment;
- The efforts made on turning Mozambique into a landmark in the region and the world in terms of national reconciliation and governmental stability are quite advanced.

## 2.6.6. Strengths

Albeit the constraints interfering in governance, Mozambique experiences several positive aspects, which, if valued, may consubstantiate in strengths for governmental action, namely:

- Increasing awareness on the national identity among Mozambicans and consolidation of national unity;
- Remarkable progress concerning regard for the Constitution of the Republic and the National Anthem;
- Tolerance among the various political forces and growing sociability and dialogue among members and sympathisers of the various political groups;
- The celebration of 10 years of peace makes the Country an example among the countries that suffered actions of destabilisation and war after independence;
- Free press, exposing cases of corruption, errors and unrighteousness in governance;
- Noticeable progress in Mozambique in terms of Human Rights;
- Increasing intervention and encouragement of civil society participation in public matters and in the preservation of national peace and stability;
- Existence of PARPA and public sector reform programmes, and preparation of sectoral development policies;
- Beginning of the decentralisation and deconcentration process;
- Accountability of the Government to the Parliament and through the press;
- Growing acknowledgement of the need to expand education and health services with the purpose of improving and enhancing the human factor;
- Acknowledgement that all sector in the society - private sector, public sector, civil society, associative movement - have a role to play in the national economy.

## 2.6.7. Weaknesses

The weak financial capacity of the State, placing it under strong external dependency, is a big, if not the biggest, constraint to the Country's governance process, inasmuch as

government programmes may not always be implemented on time and in the way originally programmed due to the shortage of resources to that purpose.

Among other negative aspects holding back the good performance of the governmental action, the following may be highlighted:

- Weak democratic sociability at all levels of the social interaction;
- Weakness of the State in ensuring the exercise of human and social rights;
- Weakness of the Justice Apparatus and its low credibility;
- Inadequate transparency of the State bodies' acts and procedures;
- Poor state of the Country's social and institutional network;
- Excessive bureaucratisation of public services;
- Poor observance of the legal, ethical and deontological norms by State leaders and officials;
- Poor motivation for work, where leadership is weak and compensation inadequate;
- Collective interest overpowered by private interest;
- Corruption in public administration, companies and other sectors of the society;
- Practises of cronyism, nepotism, regionalism and tribalism to perpetuating hierarchies;
- Tax evasion, making the State powerless to collect the necessary revenue for a better exercise of governance;
- Insufficient educational level of most of the 107,000 public servants and media professionals: 40% did not go beyond 6th grade and only 5% have a university degree;
- Difficulty of access to State official information sources;
- Limited access to information for most of the population, which does not master Portuguese language;
- High illiteracy rate among the adult population;
- Poor articulation between the Government and the Parliament;
- Inadequate training of national school graduates;
- Lack of definition of national curricula, which do not meet the needs of students in rural schools;
- Disregard for the opinion of rural populations about the democratic system;
- Disregard for the cultural values from rural areas;
- Lack of comprehensive actions that integrate agriculture, which engages over 75% of the population, as the main axis in economic development.

### 2.6.8. Opportunities

Amidst the major difficulties and constraints of various types limiting the full exercise of governmental action, the Country also has a number of opportunities at its disposal, namely:

- The environment of peace in the Country;
- The international acknowledgement Mozambique attained as a model of democracy and peace in Africa;
- Existence of SADC and development of regional co-operation;
- Establishment of NEPAD, in which Mozambique participates actively;
- Increase of direct foreign investment in mega-projects and demand for Mozambican products in the external markets;

- The inclusion of Mozambique in international programmes of IT and communications development are additional opportunity elements for governmental action;
- Opportunity for using the positive elements of globalisation to speed up the development process;
- Technical and professional improvement of specialised associations in the fields of Law, economics, engineering, media, literature and other, that may constitute privileged fora to promoting interchange and exchange of experiences with counterpart associations.

### 2.6.9. Threats

Among the threats to governance or external constraining elements, we should mention:

- Country vulnerability to cyclic cyclones, droughts, floods;
- Breakout of armed conflicts in the region and the world that may result in re-directing external aid to other preferential geographical areas;
- Establishment of anti-democratic regimes in Countries in the region;
- Globalisation, at time when Mozambique is in a disadvantaged position due to its uncompetitive economy;
- Imposition and/or adoption of technological and ideological strategies inadequate to the national reality;
- Dominance of the global media due to the weakness of national media;
- Social exclusion, which may lead to marginalisation of some social strata;
- Action of organised crime syndicates;
- Absence of conditions for the social integration of former prisoners;
- Advent of potential regional-scale conflicts related to the partition of resources.



# CHAPTER III

## Scenarios

### Executive Summary

This chapter undertakes the drafting of scenarios, pointing out hypotheses for the future of Mozambique by 2025. It was a very laborious process, laid upon a methodology that enabled equating hundreds of variables, of which twenty (20) were selected as determinant variables. The inter-relationship between determinant variables led the research groups to identify four possible scenarios: the Goat Scenario, the Crab Scenario, the Tortoise Scenario, and the Bee Scenario.

The Goat Scenario simulates changes in the variable *Peace and Social Stability*. The social exclusion phenomenon, corruption, and the lack of tolerance lead the Country towards social instability, confrontation and war, thus determining the foreseeable waning of all variables at stake: human capital, social capital, economy and development, and governance. Within such a framework, democracy and citizen participation come to a standstill, legality is defined by the force of arms or by survival of the fittest, the State and its institutions cease to have a regulating role.

The Crab Scenario simulates changes in the variable *Democracy and Participation*, establishing the current trend of lack of a constructive dialogue in the country's social and political life as the background to legitimate it as hypothesis. It is a scenario of progression and retreat, which by establishing itself as a cyclic phenomenon could lead national elites to seek large foreign investments and cutting-edge technology that produce little or no effect on the productive chain in the country. Overall, this simulation points to some degree of growth in all elements, smaller in what concerns Human Capital and greater in Social Capital and Economy.

In the Tortoise Scenario, *Competitiveness and Technological Transformation* grow. It is characterised by sustainable, albeit slow growth, with individual interests overpowering collective ones. The variables Human and Social Capital, Economy and Development, and governance increase, and the country may go a long way, although social and regional asymmetries will persist. Private interests and return rates surpass common strategic objectives, and social return decreases.

The last scenario is the Bee Scenario, which is laid upon the assumption of positive performance of the variables *Peace and Social Stability*, *Democracy and Participation*, *Competitiveness and Technological Transformation*, and the consequential progress in Human Capital. It is an optimistic picture and its materialisation would bring about a multiplying effect in Social Capital, Economy and Development would significantly leap forward, and as far as Governance is concerned, there wouldn't be matter of concern, as dialogue and negotiation between the various political forces and interest groups would be unbroken.



## 3.1 Introduction

The objective of this Chapter is to describe the possible future scenarios for our Country, following a situational analysis and considering the variables that had greater influence in its shaping.

## 3.2 What is a Scenario

A Scenario is a set of perceptions on the future and involves the dynamic interaction of events and trends.

Projecting the future is an exercise in which we try to describe possible scenarios considering the current situation starting point, trends and past and present strategies, and uncertainties related to interests and forces in question. The definition of scenarios enables us to explore what has to be done to prevent mistakes from happening and to set the foundation on which will raise the Mozambique we envisage for 2025. These scenarios take into account the main transformation dynamics, namely the strengths, weaknesses, opportunities and threats the Country faces.

Among the hundreds of variables determining events in our Country, we identified twenty determinant variables that led to positive or negative changes up to this day. Because of their importance, they were expected to continue generating the transformations that will shape the future of Mozambique.

Variables are grouped into four categories related to:

- The Mozambican citizen;
- Institutions and values of the Mozambican society;
- Productive activity;
- Governance.

In each of the groups, there are variables that due to their dimension have an influence on others, and because of that were considered crosscutting variables. By using a system to define the relative weights, it was possible to assess the magnitude of each variable and to define its place in the hierarchy. Using this methodology, it was possible to identify the fifteen more important determinant variables and the assumptions for building the scenarios.

## 3.3 What is a Scenario good for

Scenarios promote dialogue over the future and explore various alternatives. They are also useful to forewarn the society about the opportunities available for improving its situation, identifying potential problems, threats and uncertainties. They are an opportunity for citizens and institutions to make decisions, increasing the freedom to choose from alternative policies. In our daily lives, each one of us builds countless scenarios for the future. When we grow maize, for instance, we foresee a full barn by harvesting season, and when we go to school, we foresee better-paid employment or a successful business. However, things don't always happen the way we planned them. It may happen that there is no sufficient rain and, when the time comes, the barn is not full. It may also happen that we are not able of finding a job after finishing school.

It is therefore common to take measures for preventing future constraints in case forecasts do not materialise in the way we planned them. E.g., finding irrigated land in places where water is never scarce, or choosing the kind of education for which we anticipate there will be a demand, or the kind that enables us to start our own business. This entails that each individual, within the possible scope and available opportunities, builds his/her own future and helps to build the future of that depend them.

For this to happen, however, it is necessary that means and conditions are available. The farmer needs to have access to irrigated land, the student must have information on the labour market and the most appropriate course likely to be available. This means that there are wishes and plans that, no matter how strong the will is, may not be materialised due to lack of conditions or means. The construction of an irrigation system does not depend only on the farmer's will, and the existence of vocational training or university courses is beyond the will of the individual student.

A personal or family scenario is just an anticipation of what may happen based on the knowledge each individual has of his/her conditions and potential, and his/her the perception of what may happen in following years. But a scenario is also a way of preparing for the future, finding irrigated land or choosing a profession. It is a series of steps taken so that the future meets the expectations we nurtured.

When we prepare our future we ask ourselves what we need to do, what do we need to change today so that future is secure, and we further ask ourselves what are the alternatives in case things do not turn up the way we planned them or in case there are any setbacks.

In the same way we design scenarios for the future in our daily lives, we can also build scenarios for the Country. It so happens that a Country is a complex reality, many things happen at the same time and there are many actors: there are members of parliament, government members, spiritual leaders, farmers, entrepreneurs, intellectuals, officials, labourers, students, men and women of all ages, in a better or worse health condition, comprising the array of national citizens. Furthermore, there are factors and events that left their mark in the recent past of our Country and others that stem from the long colonial ruling, and that may not be ignored. We also know that Mozambique does not stand on its own in this planet, and that are worldwide events that affect our Country, both in a positive and in a negative fashion.

However, if we are careful and systematic while analysing the past and evaluating the present, we may design a number of probable scenarios for the future of our Country. If those scenarios are well prepared, they made help the present and the future generations of leaders to govern, to prepare the conditions, and to make available the means for materialising the best possible scenario.

## 3.4 Need for Multiple Scenarios

There is a need for designing multiple Scenarios because reality is complex and the intervening actors are varied. Secondly, as it happens in our daily lives, some undesirable facts may occur, and do so when we least expect it. An example is the advent of HIV/AIDS, which spreads quickly all over the world and led people to changing their personal and social behaviour, as well as to incurring in expenses of a magnitude unthinkable twenty years ago.

Another reason for equating various scenarios results from the fact that, as in any other society in the world, there are alternative paths and interests in the Mozambican society. The interests of traders, for instance, are not necessarily the same as those of consumers. If the former want to obtain the highest possible profit, the latter, conversely, want to buy for the lowest possible price. The interests of entrepreneurs are different from those of labourers. However, both parties serve a common social function, and it would be desirable to find ways for conciliation and mutual satisfaction.

Then again, recommendations from international organisations in the international arena do not always coincide with each other. E.g. opting for the export of raw materials, as recommended by some, is not the same as opting for transforming raw materials into finished products for the national or international markets, as others suggest. Comparing both policies, the latter generates employment in the Country and produces more revenue due to the added value of the transformation process. Moreover, in a case such as this, it should be possible to find ways for conciliating interests in the sphere of production and for placing products in the market.

Any of the scenarios below is, therefore, possible, given the current conditions in Mozambique. Some are more desirable than others are, but even the less desirable scenarios draw the attention to possible alternatives or risks if some of the current trends persist, to the detriment of others that may lead to building a more prosperous future for all Mozambican citizens.

For example, one of the negative trends pointed out in the previous chapter is the lack of a constructive political dialogue, as well as corruption, among others. If these trends persist or deteriorate the Country's social structure may rupture, and such a crisis could bring about serious and violent conflicts, which are very undesirable.

## 3.5 Determinant Variables for Constructing Scenarios

Knowing the events, actors and conditions, as well as the actions with strategic implications, that made Mozambique what it is and determined how its people presently lives, there is a need to select the variables whose development trend are determinant for the future.

For example, the growing trend of HIV/AIDS has direct and indirect implications to each and all citizens, and Mozambique, on its own, does not have the necessary conditions at its disposal to revert this trend by 2025.

For constructing scenarios related to the Mozambican society, four major areas of analysis were adopted, namely:

- Human Capital, which relates to citizens;
- Social Capital, related to cultural, social values, and ways the Mozambican society has of using natural resources;
- Economy and Development, related to economic activity;
- Governance, related to aspects of political leadership in the Country.

Among all the determinant variables, we selected those whose implementation is related to one or more of the following factors:

- variables that produce a chain reaction of events and/or multiplying effects, and that induce more extensive implications in the Country's development process;

- variables in regard to which there are more uncertainties;
- variables that depend on external determinants:
  - relations with the Bretton Woods institutions or similar derived from international agreements signed by Mozambique;
  - alien to our will, but that will be determinant in the coming twenty-five years.

In this context, the following 20 determinant variables and the various elements that each one comprises were revealed:

## Human Capital

1. Basic living conditions:
  - Food
  - Water and sanitation
  - Housing
  - Employment and self-employment
2. Health services:
  - Coverage of vaccination and other actions in the domain of prevention
  - Mother and child healthcare
3. Control of HIV/AIDS and other endemic diseases
4. Education and comprehensive training:
  - Literacy
  - Primary education
  - Secondary and medium-level education
  - Rural education
  - Adult training and education
  - Technical and vocational education
  - Training and remuneration of teachers
  - Technical and professional training
  - Higher education, science and technology
  - Pure applied research
  - Patriotic, moral, ethical and civic education
  - Access to reference literature and to Internet

## Social Capital

5. Social Justice:
  - Decrease of social inequity
  - Decrease of regional inequity
  - Equity in gender relations
  - Equal opportunities in accessing education, health, work, and justice
6. Access to land use and tenure:
  - Land, subsoil, forests and wildlife, fisheries
  - Regard for the constitutional right of land occupation by the family sector
  - Make the process of issuing land use and tenure titles expedite and reliable
  - Expedite the process of issuing titles and demarking community land
  - Water for consumption and production

## 7. Communities and local institutions:

- Rural and urban communities
- Consideration of cultural diversity
- Tradition and culture
- Productive co-operation at the local level
- Consideration for the family and community security networks
- Social inclusion of elders, orphaned children, and “street kids”
- Prevention of conflicts through customary law and local persuasion mechanisms
- Consideration and dignification of local languages

## 8. Family, the society's basic cell:

- Strengthening the nuclear and extended family
- Moral, ethical and civic education

## 9. Balanced gender relations

## 10. Social inclusion of youth

## Economy and Development

## 11. Macroeconomic policies and their relation to micro economy:

- Financial policy
  - Monetary policy and interest rates
  - Banking regulation and supervision
  - Microfinance and rural finance growth context
  - Credit policy
  - Country indebtedness policy
  - External debt management
- Relative prices
  - Exchange rate policy
  - Trade policy and tariffs levied
  - Regulation of monopolies and oligopolies
  - Marketing policies and systems
  - Quality policies and standards
  - Transfer from budget to producers

## 12. Rural Development:

- Productivity increase in the agriculture sector
- Processing and conversion of primary products
- Capacity-building and specialisation of work
- Increase of employment and support to self-employment

## 13. Competitiveness based on Entrepreneurial Technological Transformation:

- Technological transformation of productive sectors and services
  - Rural development
  - Industrial development
    - o Efficient and effective infrastructure network
- Integrated road, railway and coastal traffic systems
- Irrigation and warehousing network
- Access to energy and communications
- Reduction of transaction costs
- Incorporation of business informal mechanisms

- Regional integration
- Sustainable use of resources and environmental conservation
- Development of companies
  - Training of managers and administrators
  - Revitalizing the entrepreneurial sector
  - Financial improvement for increased competitiveness
  - Enlivening of small- and medium-sized enterprises
  - Encouragement and promotion of contractual relations
  - Work quality and culture
  - Promotion of innovation and adoption of new techniques and technologies
  - Incentives for increasing production by reducing risks, increasing investment opportunities and recovery of local knowledge
  - Promotion of work culture and discipline
  - Recruitment of external, specialised labour force

#### 14. Savings and Investment:

- Build up of investment and re-investment of national savings
  - Maintenance of an enabling environment for investment
  - Long-term security of investments
  - Linkage between mega-projects and the national entrepreneurial sector
- Security of property
- Increase in savings and development of credit schemes
  - Mobilisation of national savings for investment
  - Credit for medium- and long-term productive investment

#### 15. Infrastructures:

- Maintenance and modernisation of equipments
  - Roads, ports and airports
  - Power supply
  - Communications system
  - Water and municipal and small-system sanitation
- Technologies for increasing productivity
- Prices of basic services and infrastructure
- Preferential rates for lower incomes

### Governance

#### 16. Peace, Political and Social Stability

#### 17. Democracy and Participation:

- Participation of the private sector, the civil society and communities in the formulation of policies and programmes
- Decentralisation and deconcentration of services and management of resources
- Professional development of civil servants
- Simplification of registering procedures for small and medium companies

#### 18. International relations:

- Process of integration in Southern Africa
- International negotiations for ensuring the future success of Mozambique, particularly negotiations on development strategies and priorities with the main development partners

**19. Legality and security:**

- Strong judicial system
- Quick resolution of disputes
- Transparent management of tax accounts and para-statal accounts
- Public security and protection of property and goods

**20. Information and Communication:**

- Dialogue and negotiation
- Access to news
- Use of information and communications technologies

## 3.6 Assumptions for Constructing Scenarios

The assumptions deemed indispensable for the formulation of a good Scenario for the Country are the following:

### **1<sup>st</sup> assumption**

The future of the Country depends on the Quality of the Mozambican Man. The quality of his moral, ethical, civic, patriotic, school and educational training are not only determinant, but also produce a chain of effects essential to the Country's development in the forthcoming decades;

### **2<sup>nd</sup> assumption**

Being healthy is more than not being ill, but also and foremost to have a sound living, adequate sanitation conditions, and healthy and energetic diet during the whole of the year;

### **3<sup>rd</sup> assumption**

It is crucial to substantially improve the basic living conditions of all citizens for the future;

### **4<sup>th</sup> assumption**

It is indispensable to control diseases of mass elimination such as HIV/AIDS, malaria, and cholera;

### **5<sup>th</sup> assumption**

The assurance of access to land use and tenure is indispensable for promoting development;

### **6<sup>th</sup> assumption**

The development of the Country is only possible if local communities, cultural identities and their rules, norms and additional customary persuasion mechanisms are considered as integrant part of the development process and are duly regarded;

### **7<sup>th</sup> assumption**

A cohesive and united family is the cornerstone for a sound integration of individuals into society and for individual growth;

### **8<sup>th</sup> assumption**

Rural development is the cornerstone for improving the living standard of about 80% of citizens and constitutes the essential basis for production and increasing national wealth. In this environment, one of the prerequisites for development is the populations' and local communities' capacity to work together to achieving common goals through local-level productive co-operation;

### **9<sup>th</sup> assumption**

Competitiveness improves quality and quantity through better purchase prices, but that depends on technological transformation;

### **10<sup>th</sup> assumption**

Technological transformation depends, however, on investment, and for investment to materialise there must be access to national or external savings;

### **11<sup>th</sup> assumption**

Macroeconomic policies related to the evolution of national currency, trade and production systems, have to be adjusted to growth in companies and family productive units;

### **12<sup>th</sup> assumption**

Persistence of an enduring Peace and sustainable political and social stability are essential for the future of Mozambique;

### **13<sup>th</sup> assumption**

Democracy and all values associated to it, such as freedom of association, right to difference of opinion, obligation of a constructive dialogue, and the duty of voting for electing leaders, as well as the daily participation of citizens in the processes of public decision-making, are essential conditions for development;

### **14<sup>th</sup> assumption**

Political, economic, cultural and social interaction of Mozambique with countries in the region, the continent and the world, has direct implications in the national development process: negotiation with international partners over the national development strategy and priorities is a factor of continuous growth;

### **15<sup>th</sup> assumption**

The various actors, namely the civil society, the private sector, the State and citizens at large, need to communicate among themselves, i.e. to disseminate information, promote dialogue and negotiation, acknowledge and appreciate different interests, and together find mutual advantages to communicating parties.

## **3.7 Hierarchy of variables**

The hierarchy of variables was established on a 1 to 100 scale, adding 100 points to the total score of determinant variables (see Table 7). As determinant variables are 20, the average score for each one of them is about 5 points.



**Table 7: Comparison between the set of variables in Ideal and Actual situation, and in the 4 scenarios**

Determinant variables	Situation		Scenario			
	Ideal	Actual	Goat	Crab	Tortoise	Bee
<b>I. Human Capital</b>						
1 Basic Living Conditions	5	2	1	2	3	4
2 National Health Service	6	2	1	2	3	4
3 Control of HIV/AIDS and other endemics	5	2	1	2	3	4
4 Integral Education and Training	6	2	1	3	4	5
Sub-total	22	8	4	9	13	17
<b>II. Social Capital</b>						
5 Social Justice	4	2	1	2	3	3
6 Access to Land Use and Tenure	6	3	2	4	5	6
7 Local Communities and Local Institutions	5	3	3	3	4	5
8 Family, the Basic cell	5	2	2	3	4	5
9 Balanced gender relations	3	1	1	2	2	3
10 Social inclusion of Youth	3	2	2	2	3	3
Sub-total	26	13	11	16	21	25
<b>III. Economy and Development</b>						
11 Articulation of macro and microeconomics	5	3	2	3	4	5
12 Rural Development	6	3	1	3	4	5
13 Competitiveness Technological Transformation	6	1	1	2	3	5
14 Savings and Investment	5	2	1	3	4	5
15 Infrastructure	4	1	1	1	2	3
Sub-total	26	10	6	12	17	23
<b>IV. Governance</b>						
16 Peace and Social Stability	6	3	1	3	4	5
17 Democracy and Participation	6	3	2	3	4	5
18 International Relations (emphasis in SADC)	5	3	2	3	4	5
19 Legality and Security	4	1	1	2	3	3
20 Communication and Information	5	2	1	3	4	5
Sub-total	26	12	7	14	19	23
<b>Total</b>	<b>100</b>	<b>43</b>	<b>28</b>	<b>51</b>	<b>70</b>	<b>88</b>

Seven variables above the average were selected, which, for their crosscutting nature, were given six points, namely:

- Education and comprehensive training
- National Health Service
- Access to land use and tenure
- Rural development
- Competitiveness and technological transformation
- Peace and social stability
- Democracy and participation

These seven variables are the ones with the greatest multiplying effect, such as education, health, and access to land use and tenure, consubstantiated by the acknowledgement in the constitutional law. If any of them increases, the future scenario will have additional chances of improving than if, alternatively, things are kept as they are now or even if there is a regression.

The higher the educational level and the health status are, the greater and better their performance will be, and consequently the greater the chain effects. Moreover, only access to land may ensure food security and investment, which will bring about the technological transformation that will lead to the specialisation of work and the establishment of partnerships between the public, private and family sectors.

It is also in these variables that **uncertainty** about the future is greatest, e.g. the case of sensitive variables in the areas of **social stability**, **democracy** and **participation**, and **technological transformation**, aiming at the increase in competitiveness.

An enduring social stability at such a level that citizens will have no doubts about what may happen in the following month or year is yet far from being a reality in our Country, and there are just a few willing to ensure that the future will not be the stage of violent conflict and actions contrary to citizens' constitutional rights.

There are uncertainties about the course our fragile democracy will take and the basis upon which the daily participation of citizens in political life will be laid. As far as technological transformation is concerned, there are uncertainties linked to the cost it carries, to the incipient state of development of the national entrepreneurial sector, to difficulties of accessing credit by the family and entrepreneurial productive units, and to the actions and mechanisms that are to be developed and established by the State.

It is also in this group of variables that the **dependency** of Mozambique on the unfolding of international events is higher, such as is the case of the **rural development** variable.

As far as the effectiveness of its rural development is concerned, Mozambique depends on external factors in four essential aspects:

- Access to water for irrigation;
- Access to national and international markets;
- Access to technologies; and
- Access to capital.

It is foreseen that in forthcoming years water becomes one of the main sources of conflict between the countries in the region. The fact that Mozambique is downstream of rivers requires co-ordination of interests with neighbouring countries, which has not always happened peacefully.

On the other hand, selling our products abroad is an extremely complex issue, not only because quality and continuity may not be assured, but also due to distortions in the international market originated by the high subsidies OECD countries grant to their products. Likewise, buying abroad equipment, some inputs and intermediate goods we have not at our disposal, as well as other technologies, is still very difficult due to the weak financial capacity of Mozambican companies and to the existing tax barriers.

The Country does not have sufficient public or private savings for the initial investment inducer of rural development. Thus, there is a need to resort to external savings through both direct foreign investment and international access to credit.

## 3.8 Four Possible Scenarios in Mozambique

The chapter on the situational analysis identified factors that determined the current situation - events, actors, opportunities, threats and uncertainties. Accordingly, the determinant variables shaping the present were identified. Then, knowing our strengths

and potential, our weaknesses and feebleness, it would be important to find answers for the following questions:

- What are the likely scenarios for the future of the Country?
- What is the scenario we desire that ensures social cohesion and prosperity for all by 2025?
- What can we do today for achieving that vision?

The design of future scenarios required an exercise of inter-relating the different determinant variables until we came to the point of selecting four of the tenths of possible scenarios, specifically:

- Goat Scenario
- Crab Scenario
- Tortoise Scenario
- Bee Scenario

For each scenario, an explanation is given on the basic assumptions underlying their preparation, followed by an analysis of:

- The performance of each one of the 20 determinant variables selected;
- The projection of the above four groups of variables.

Any of these scenarios is possible, depending on the actions of each one of us, considering the scenario to be selected as the ideal to achieve in 2025. Hence the usefulness of building scenarios.

Considering that we identified above the determinant variables for Mozambique's future and those with the greatest multiplying effects, and considering that the variables with more uncertainties attached are the ones that make us more dependent on other countries, the following phase is the construction of **possible scenarios** for the future of Mozambique.

For that purpose, it is essential to determine the starting point, i.e. to assess the situation we are presently under, and what the ideal situation should be.

While comparing the ideal situation to the current situation in Mozambique for the main seven determinant variables previously identified, it may be observed that there are some areas where the starting point is not only low but shows some degree of uncertainty and external dependency, alien to our will, specifically:

- Variables related to human capital - health and education;
- Variables related to economy - rural development, competitiveness and technological transformation;
- Variables related to governance - social stability, democracy and participation.

The constitutional principle that land is the State's property is accepted and access to land is considered a fact in our Country, although some obstacles persist in obtaining land titles.

The current overall score of Mozambique in the twenty variables selected and listed in Table 7, which resulted from research, is less than half the score of the ideal scenario.

The sharpest difference is in the set of variables related to economy and development, followed by the sets on human capital and governance, and lastly by the set on social capital.

Four **possible scenarios** were identified for 2025 considering:

- The low starting point;
- Change trends at the national and international levels, considering the events and commitments taken up by the Country;

- Political uncertainties;
- The potential of Mozambique.

The scenarios were built upon the variables with lower starting point and greater level of uncertainty. For the simulation exercise we should be ask what the scenario should be by 2025 if one specific variable or group of variables changes significantly in forthcoming years. To answer that question, we started by doing a simulation and projection with one or more additional determinant variables changing, and repeated the process repeatedly until four possible scenarios for the future of Mozambique had been identified.

The scenarios were given names of animals linked to popular understanding of their behaviour in Mozambique:

### 1. Goat Scenario

It is the scenario where corruption increases, as does intolerance, social exclusion, and where there is a possible return to war. In this scenario, the determinant variable whose regression has an implication on the future is **Peace, Political and Social Stability**.

### 2. Crab Scenario

In this scenario, actors zigzag, move back and forth, determining political crises followed by moments of slow and fragile recovery because of the instability caused by crises. For this scenario, we simulated the consequences arising from significant changes in the determinant variable **Democracy and Population**.

### 3. Tortoise Scenario

In this scenario, some factors grow more than others do, and growth is imbalanced. It is a scenario better than the current one, within which there are still substantial asymmetries and inequity prevails. The simulation took for starting point the significant improvement of the determinant variable **Competitiveness and Technological Transformation** and everything attached to it, irrespectively of the living standard of most citizens.

### 4. Bee Scenario

It is the scenario of inclusion, unity, tolerance, maximised use of each actor's capacities, of harmony and consistent growth. This scenario was built up on the hypothesis that performance of the determinant variables **Peace and Social Stability, Democracy and Participation, and Competitiveness and Technological Transformation** is positive, and consequently there is a substantial increase in the Human Capital and Social Capital variables.

Any of these scenarios may materialise. It will depend on the commitment of each one of us as citizens, and on all Mozambicans together. It will depend on the choice of the scenario that pleases us most, and on individual and collective decision-making.

## 1<sup>st</sup> Scenario - the Goat

This scenario was built simulating changes to the variable *Peace, Political and Social Stability*. The systematic practise of social exclusion, the uninterrupted intensification of social and regional inequity based on criteria defined unilaterally, lead to a situation wherein the possibility of war is at the doorstep. The History of Mozambique showed that the systematic social exclusion Mozambicans lived under during the colonial re-

gime provoked a collective uprising that was easily transformed into an armed struggle for Independence.

Corruption is currently spreading, establishing a lack of initiative and a “*laissez passer*” attitude which results in people working the least they can to attain prompt and high profit, often illicitly. Corruption brings about social exclusion, first affecting the poorest and weakest, then those who do not accept to collaborate with the corrupt, and later the exclusion of all those that do not act in same manner or do not work to exalting a currently-prominent actor. If this situation is not brought under control, it may determine social instability, and ultimately endanger peace.

The lack of tolerance and respect for different opinions, the tendency for excluding others based on their political options, social or economic level, or based on religion, ethnic background, language, religious beliefs, race or skin colour, or even for personal convenience, continues to be a tangible reality in our Country.

For that reason, this scenario is not just something to rule out. As in other African countries, we may quickly move from a more or less aggressive verbal confrontation to a situation of generalised and uncontrolled violence, irrespectively of party or political inclination. The tragic events in Montepuez and others are still fresh in our minds, and all Mozambicans should unite against these life- and property-destroying acts, which consume energy and financial resources, and take our attention away from the essential tasks of building the Country and ensuring well-being.

Because the phenomenon of corruption has been identified with the popular symbol of the goat, which grazes where the owner ties it, we agreed to name this as the goat scenario. It is a scenario characterised by social instability, confrontation and possibly war. In such an environment, corruption increases, production levels decline, costs rise, competitiveness decreases, and employment grows. By keeping such uncertainty and trends, war may return bringing along despair, death and the increase of absolute poverty. If this occurs, the Country will recoil even further and the state of affairs will deteriorate for everyone.

The comparative projections for the seven determinant variables selected if the goat scenario comes to materialise, show that all of them will regress. A climate of social instability may impose itself in a generalised manner and the Country may enter a situation similar to that of 1992, immediately after the war, the harmful consequences of which all Mozambicans still keep in their memories.

The situation of the variables selected in the domain of Human Capital will also suffer a regression. Education, as during the post-independence war, will have a much smaller coverage and the crisis associated to moral, social and civic values will have negative effects on the education of children, youths and adults. The action of the health services will be reduced to a number of cities and towns, and there will be no resources or conditions to extend them to a greater number of citizens. Verbal and armed violence waste means, spend energy and are utterly unproductive.

In the simulation made, the social capital set will be the least affected, which, however, is not due to any advantages in the generalised social instability and war, but to the adoption of defence mechanisms at the family and community levels. The set of determinant variables mentioned under Human Capital, above, is similarly affected.

The small difference observed is due to the low development level of the Country. The remainder sets of determinant variables will experience substantial regression, particularly in the fields of good governance and those associated to crosscutting variables.

However, access to land shall be affected and groups of “landless” will appear as result of corruption and instability determined by the environment of violence. In relation to

family, its traditional values and local institutions will probably stay the same, because as it normally happens in crises, family will be the only vehicle for collective survival.

In the goat scenario, and considering variables of an economic scope, there will be a significant drop in the macroeconomic level due to an increase of expenditure in defence and security, the level of savings and investment will fall distinctly, and the few existing infrastructure will deteriorate further, making rehabilitation even more difficult.

The only determinant variable that will possibly maintain a level close to what it is at the moment is production and competitiveness, not because a war environment contributes for an increase in production, as Mozambique has not a war industry, but because production levels will tend to stay as they are and, therefore, there will be an upward trend concerning asymmetries between the areas that may be in a state of war and those to where war has not arrived yet.

Obviously, democracy and citizens' participation in the decision-making processes will cease to be fully enjoyed, and legality will be defined by the force of arms and survival of the fittest, as State institutions will not be recognised, nor will the legal framework governing them.

## 2<sup>nd</sup> Scenario - the Crab

This scenario was built based on the simulation of a possible stagnation in the variable *Democracy and Participation* of citizens in the decision-making processes that affect society as a whole. This simulation focused on the current trend of absence of a constructive dialogue in the social and political life of the Country.

This was the reason why this scenario was named the crab scenario. The crab zigzags within a relatively limited perimeter and hesitates continuously about the course to take. When it senses danger, it hides in the first burrow it finds and does not care about others as long as its objective is achieved.

The lack of dialogue exists not only between the major political parties with a seat in Parliament and their respective members, but also between the various actors. Between the actors playing in the economic sectors there is no dialogue, or dialogue is extremely difficult or unequal, e.g. among the various institutions, and between the family sector and the commercial and industrial sectors, which supply inputs to, and buy production from the former.

There is no tradition of negotiation between the parties in the establishment of commercial or social contracts. Relationships are marked by mutual disbelief, resulting in each party trying to incur in the smallest possible risk. When such happens, investment decreases, and production and gains decrease along with it. Consequently, losses are greater.

The lack of dialogue is also a feature among foreign, big-project investors and national entrepreneurs, who end up by not benefiting with the potential chain connections in the provision of services and products upstream to mega-projects, and downstream by adding value to finished products or placing them in the market. One example of the lack of dialogue is what happens between traders in the formal sector and those in the informal sector. The absence of negotiation derives from unfair competition and generalised tax evasion, which causes low revenue collection by the State. This has a reflection on cuts in State expenditure in activities and construction works that would benefit citizens.

Another area with noticeable lack of dialogue is the State. The lack of political dialogue in the Parliament was already mentioned above, but the absence of an institutional dialogue is much deeper than that. It becomes apparent in the legislative and the

executive powers, and between these and the judicial power. The absence of dialogue between the various powers constituting the Mozambican State leads to the weakening of institutions, to a crisis related to citizens' trust in those bodies, and to rupture of the already damaged social structure.

If such trend persists, the crab scenario may be the most likely to materialise. An institutional crisis is followed by moments of recovery until the next crisis sets in, a crisis in trust, values, principles, norms, and consequent increase of social inequity - between the few rich and the many poor - and regional asymmetries - between the few cities and the many rural areas forgotten in both time and history.

When comparing the current situation of the seven selected variables with the possible crab scenario, differences between both situations are minimal. This scenario foresees improvement in the areas of education and entrepreneurial competitiveness because of social pressures, which matches the current trend.

The simulation points to improvements in the access to land, because food production for family consumption will continue to be indispensable due to shortage of employment. Inevitably, stagnation could generate minor cyclic crises resulting from the deterioration of citizens' trust in national institutions. The cyclic nature of these crises will continuously erode authority and the social function of these institutions, and consequently will intensify criminality, the lack of ethics in social and economic relations, corruption - in summary, it will increase in social instability.

Service supply by the State to citizens has little chance of improving, since in this scenario corruption will be the rule, rather than the exception. It is possible that some growth occurs in formal education, since there are moments of recovery during which, possibly, efforts will be made in that regard, especially in specialised courses relating to the labour market in the main urban centres. However, comprehensive education - moral, ethical, civic and patriotic - will stagnate.

Under an institutional crisis, it is admissible that the social capital in local communities would normally tend to be preserved, or even increased, in relation to customary rights, local institutions, and strengthening of family bonds, as a way of minimising risks of its social reproduction. Consequently, the essentially rural characteristic of Mozambique will be kept and access to land will continue to be indispensable, being unlikely that leaders would dare to take land away from the poor, thus preventing the lack of dialogue from becoming a generalised crisis of social instability.

In the economic field, it is possible that aggregate production increases and that the use of cutting-edge technologies is intensified, depending on the capacity to attract foreign investment to specific sectors or for using raw materials and the unskilled, cheap labour in the Country.

Experience in other countries shows that if an institutional crisis has a periodic nature, the national elites tend to seek large foreign investments and cutting-edge technology, with little or no effect on the Country's productive chain. These investments increase the economic growth rate of, and revenue for the elites.

However, the disaggregate analysis of the economy shows that there will be no substantial improvements in the agriculture sector, and most of all technological transformation has no place in food crops.

The crab scenario further indicates that the articulation between macro and micro economy will be kept at the current level, as due care will be taken to keep inflation under control, to maintain an adequate parity of national currency, and to improve the negative balance of payments.

Of course, only infrastructures serving those large investments will be the focus of investment and maintenance, and savings among the national entrepreneurial sector will tend to be placed abroad, rather than being productively reinvested in Mozambique.

Citizens' participation in the decision-making processes will be less and less considered, since it may jeopardise interests of the elites succeeding to each other in power, and parliamentary democracy will have not the purpose of serving the interests of citizens and Country, but rather of establishing platforms upon which benefits are divided among the various national elites.

Legality and enforcement of law and contracts entered into will increase, but only in the areas related to investments and interests represented in Parliament.

Simulation shows that the crab scenario will bring about some growth in all sets of variables taken as a whole, as compared to the current situation. However, growth will be less significant among variables determinant for Human Capital, as services will tend to grow very slowly in comparison to epidemics and the basic living conditions.

In the set of variables related to governance, growth is mostly due to the interest in making the Parliament the institution *par excellence* for enforcing legality in circles and areas related to investment made.

The sets of social capital and economy are those with greater growth rates, although for opposite reasons. The former as means of defence against the cyclic nature of the State's institutional crises, thus strengthening local institutions and the values associated to them. The latter because the aggregate national product increases in specific sectors, but its impact on most citizens is negligible, as is the increase in their production among the poor, in particular those from rural areas.

### 3<sup>rd</sup> Scenario - the Tortoise

This scenario simulates growth in the variable *Competitiveness and Technological Transformation*, and everything related to it, independently from the living standards of most citizens.

This scenario is also possible to occur in Mozambique. In it, individual or group interests have the right of way over collective interests. In summary, a relationship is established according to which the increase in the rate of return for private individuals entails a decrease in social returns, and vice-versa. In this scenario the Country could go far, albeit slowly, and there would be substantial social and regional asymmetries. Actors play their roles independently, everyone doing their best, but not for achieving common strategic objectives to fully develop the potential of Mozambique.

For this reason, we decided to call this third scenario as the tortoise scenario. The tortoise can go a long way but does it slowly and acts on his own. He always carries his home along. Alone, he is able to avoid obstacles, but cannot remove them definitely.

In this scenario, the Country is expected to have an overall growth, but the interaction between private and social interests will not always be peaceful. There will be moments when the role of the State will be questioned or subdued by the selected interest groups, strongly entrenched in the society.

Under such a scenario, the State will cease to be an impartial, citizen-serving institution, to become subjugated by individuals the State is supposed to serve.

In the simulation exercise with the seven determinant variables, we can see that the three of them with economic implications will grow in relation to the current situation. This is because the full liberalisation of economic and social relationships requires a



permanent exchange of information between the various actors and stakeholders in the product, labour, and capital markets, thus increasing communication and interaction between those actors.

Growth is admissible in the domain of Human Capital, in the areas of education and comprehensive learning, as well as in the coverage of State health services. Such growth will derive from the increase in demand for State services driven by the fact that everyone has to do their best for achieving their goals, thus putting pressure upon the political parties in power for expanding and improving the network of schools, medical assistance and sanitation.

However, this scenario is the one with less significant growth rate. On the one hand, because the starting point is quite low; on the other hand, because it requires a very high level of investment the Country will have difficulty in meeting.

Social Capital will improve overall. The need to persist will require systematic use of lineage and other networks of social interaction, strengthening and expanding them. Family undertakings will have more impact and will be multiplied into small- and medium-sized businesses as a way for minimising the risks associated to investing small savings accumulated over the years.

There will be greater pressure for ensuring security of access to land. New forms of individual and collective property will be established and respected by the State in order to increase investment and develop the land market, and along with it, the labour and financial markets.

Thus, production will increase, especially among small- and medium-sized enterprises, which will look for new technologies for improving the quantity and quality of products placed in the market, and the specialisation of labour and productive units will increase. Small savings will be the engine of the *invisible* economy that will dominate markets, and investment will be directed to tapping the potential that Mozambique's natural resources put at the investors' disposal.

The connection between macroeconomic policy and small- and medium-sized enterprises will be enhanced to ensure an increase in revenue, and infrastructure networks will expand to evermore-remote areas for serving the profit-oriented exploitation of natural resources.

Within this context, parliamentary democracy will emerge strengthened as a vehicle for ensuring that citizens' businesses and family interests prosper, within a framework of rotation in power of the various political parties and alliances for constituting different governments, depending on the short-term interests in each mandate. This whole dynamics will require stronger compliance with law, agreements, contracts and commitments, as well as speed in the resolution of conflicts.

Likewise, to ensure greater dynamism in the economy it will be necessary to negotiate with donors, co-operation and development partners so that their disbursement and fund transfer systems are made more agile. Conversely, it will be necessary to ensure unequivocal independence and transparency in the use of funds.

The performance of governance variables will tend to improve, in particular in what concerns decentralisation, deconcentration and legality, so that businesses may be expeditious and the risks of entering into contracts and registering productive activities are minimised.

The State will be interested in passing the responsibility for daily administration and local public expenditure on to lower levels, keeping for itself the role of controlling the application of macroeconomic policies, of credibly regulating financial, asset and

property transactions. The State would be the guarantor of social stability at the national level.

#### 4<sup>th</sup> Scenario - the Bee

This scenario was built based on the assumption that performance of the determinant variables *Peace, Political and Social Stability, Democracy and Participation, and Competitiveness and Technological Transformation* is positive, and consequently there will be a substantial increase in the various Human Capital and Social Capital variables.

In this scenario, moderation, sharing and cohesion prevail, private returns will not be achieved to the detriment of social returns, ways are sought for applying the profits of some into increasing the revenue for others by means of fiscal policies, legality of contractual relations, and dialogue among the various groups of interest. An image of this scenario may presently be found in some instances in the Country, e.g. family producers of sunflower and small enterprises with sunflower oil presses, whose production is placed in the national market. These initiatives enable the industrial processing of family sector products.

Because of this, the fourth scenario is illustrated as the bee scenario. The bee is hard working, strong, persistent and enterprising, frugal and cautious in what concerns her future, and lives in community. Labour division is well defined among bees, and they follow a hierarchy where discipline is the rule. She produces honey and beeswax, which means she is useful to others. Additionally, the bee lives in an environment full of colour and joy springing from the flowers she touches. She also warns her counterparts on the approach of bushfires and storms. The nicest thing about bees is the modesty and dignity they put into life and work.

As for the other scenarios, also this one is possible in Mozambique. However, it is necessary that the performance of variables is in accordance with projections made, and that there is a collective awareness of what is being made and where we are walking to.

The projection of determinant variables performance shows that there should be a significant growth rate in all of them, namely:

- Variables related to Human Capital will grow as much as possible, considering the current starting point.
- The variable with the greatest multiplying effect in Human Capital, access to and ownership of land, will reach its highest point, assuming the establishment of partnerships - PPPF - in the use of natural resources, based on mutual advantages.
- Variables on Economy and Development will advance significantly, because rural development is foreseen as being fully oriented towards the creation and distribution of wealth among the poor, and a progressive adoption of new technologies by the entrepreneurial sector is expected.
- Lastly, variables related to Governance will reach the levels at which social and governmental stability will no longer be matter of concern, and dialogue and negotiation among the various political forces and groups of interest will tend to be permanent.

It is anticipated that in this scenario, mother-and-child care will be a routine for health services, and vaccination campaigns will include all Mozambicans, wherever in the national territory they may live. The education services network will be at its widest and all children in schooling age will have a good school near them. Together with formal education, comprehensive learning will happen amidst the family, in churches and other places of worship, in clubs and places for recreation and sports, and through TV, radio and IT networks.

The integration of local institutions into the State bodies and the articulation of the various legal bodies into a single system will be near perfect by the end of the next twenty-five years.

Family will tend to become nuclear or to acquire new configurations within the framework of the urban social relations. The definition of forms of ownership will be as adjusted as possible to the social and economic reality, as a function of technological development, articulation between private interests and social interests, and the undistorted functioning of the various markets.

Macroeconomic policies will be articulated with microeconomic needs and major investments in mega-projects will develop productive activities and services upstream and downstream of their areas of intervention. The adoption of new technologies and the appearance of technological innovations adjusted to the type and conditions of national resources will be possible due to the articulation between scientific and technological research, and the productive sectors.

In this way, competitiveness of Mozambican products in the national, regional and international markets will increase, and gains for the local economy will be greater due to the relative advantages of Mozambique in the international trade. Savings made by national undertakings will be reinvested in the Country and will attract, in partnership, external investments that will contribute for increasing employment and the State fiscal revenue.

It is clear that the transport, power and water supply infrastructure will tend to follow geographical expansion of the national economy and to respond to the pursuit of better and more efficient services.

Participation of citizens in all decision-making processes at the local and national levels will not be perfect yet, but the environment of constructive dialogue and enlightened debate will contribute for progressively improving the type of democracy and the quality of participation of citizens in the discussion of the commonweal. Legality will be respected and justice institutions will be dependable, as they will no longer be corrupt, and will be independent in the exercise of their function.

Performance estimates for the sets of variables is markedly positive for all of them, showing quite high growth rates in the overall economic setup. Such is due to the perfect interaction the scenario foresees between the various actors, namely the State, civil society, private sector, and international community.

Presently, there are a number of signs indicating the possible development of relations of understanding and joint work between these partners with different orientations. The preparation of Agenda 2025 was an example of such interaction, where different groups of interest, with diverse training and experiences, got together for jointly identifying common principles, building consensus and analysing reality and potential in Mozambique. It is processes like this that this scenario anticipates will be stimulated and made broader.

Performance of the remaining sets of variables is also positive, although not as much as those in the economic field. There is some relative improvement in some variables, as the simulation foresees that interactions between small, medium and large companies, and between private returns and social returns, are more elaborate and based on a legal frame and an environment of mutual trust and respect. The bee scenario appears as the most optimistic of all, and the ideal one. Perhaps for that reason it seems less realistic. It is plausible, though, but is subject to factors characterised by unpredictability. There is always something unpredictable in all events.

The unpredictability factor was taken into consideration while formulating the desirable scenario, which is presented in the following chapter.

## 3.9 The Four Scenarios and the Current Situation

Table 7 establishes a comparison between the relative weights of the twenty determinant variables, in the various simulations:

- In the ideal situation
- In the current situation, and
- In the simulations made for each scenario built, namely:
  - Goat Scenario
  - Crab Scenario
  - Tortoise Scenario
  - Bee Scenario

The Human Capital is the set of variables where the expected growth is smallest. There were four determinant variables taken into account, namely basic living conditions, health services, control of HIV/AIDS and other endemics, education and comprehensive learning for Mozambicans.

The starting point is very low for all of them. Mozambique has high mortality rates, shows a high poverty index, has a very high illiteracy rate and a quite small and fragile network of health services. Considering this low starting point, the years remaining to 2025 are not sufficient, even under the best scenario, for recovery to happen to an ideal extent.

The largest change in performance between the various scenarios appears in the set of variables related to governance. This indicates how important and dependent the Country is on its state leaders and party leaderships, at the various levels, as well as on the governance modalities that are to be adopted.

This is also the set of variables where critical uncertainty is greatest, due to the lack of a constructive dialogue between the various political forces in our young democracy. Raising awareness among national politicians for this fact appears as a crucial factor for the Country's prosperity.

The set of economic variables is the one that shows the greatest growth rate, which shows how essential it is for the Country that Governments to be up to 2025 are thorough, scrupulous, and consistent in the definition of their economic strategies and in the application and implementation of their policies of an economic and developmental nature.

The exercise of projection shows that the Mozambican Social Capital will continue to be, as it has been up to present, the foundation of Mozambican society. Any possible attempt to destabilising this basis may shake the structure of the harbour where Mozambicans dock their vessels, and therefore is not advisable to adopt radical measures of an administrative nature that affect unilaterally the ways of organising the daily lives of citizens.

While comparing relative weights for each group of determinant variables, the Human Capital is the lightest one, since its performance depends, largely, on what happens in the other sets. The other three sets were given a similar weight for the ideal situation.

## 3.10 The Need for a National, Comprehensive, Long-Term Vision

The Agenda 2025 has clearly the objective of preventing the first scenario from materialising, as it considers war as a possibility that may once again fall upon our land, and we all have still vivid in our minds the sad memory of the ills of war.

Agenda 2025 is an exercise that aims at mobilising all national forces to ensure greater prosperity for all within the framework of a comprehensive, long-term national Vision.

Scenarios 2 and 3 point to a situation relatively better than the current one, but they are not that different from it, as they leave room for endless lethargy, waste of energy and productive capacity, because the available human resources and capacities are not used to the fullest.

The will to preserve peace, to strengthen national unity and cohesion, and to ensure progress for all, allows us to make choices concerning the desirable scenario, i.e., the mobilisation of all society forces towards the materialisation of the Bee Scenario.

# CHAPTER IV

## The Desirable Scenario

### Executive Summary

To achieve consensus around one desirable scenario it was necessary to establish the current starting point, at the light of both the transformations occurred in Mozambique in the last 30 years and, within an external scope, the development of globalisation in the last 15 years.

One of the imperatives to overcome internal difficulties rests upon the need of having a common project for the society, one that is mobilising and based on conciliation, ensuring individual freedom and preserving collective interest. It is based on the assumption that the need for a comprehensive National Vision will emerge, politically and ideologically independent, overcoming the threats of fragmentation and widening of asymmetries, and preparing the Country for the challenges of globalisation carried out by the ensemble of nations and international institutions.

Among the various points constituting the National Issue, we should underline the need for recovering self-esteem, without which it will not be possible to focus the efforts for overcoming problems and developing the country, and also for complying with the assertion that to ensure social and economic stability it is necessary to ensure control of the economy's vital sectors by national entities.

Cohesion, equity, harmony and patriotism are all sovereignty-strengthening factors, for which it is necessary to promote dialogue among the various actors in society around the safeguarding of diversity and pluralism. The adoption of Agenda 2025 for defending a long-term future is a commitment of generations.

At the level of Economy and Development, it should be stressed that the country should define a sound macroeconomic policy, an open and competitive market with predictable rules, with international balances that facilitate the development option, which reflects effective policies for health, education, housing, employment and re-distribution of wealth.

Several points are looked into in regard to democracy and participation, rural development, sustainability of human settlements, competitiveness of companies, development financing, among others. We should not go without mentioning the informal sector, which should gradually be integrated into the national economy, rather than being fought against.

The role of the armed forces, the issue of the existing and the necessary infrastructures, the materialisation of the Vision in the Human Capital with emphasis on the areas related to family, gender and youth, good governance as an indispensable element for making a reality of the desirable Vision, and the country's international relations within the context of its regional and international options (SADC, NEPAD), are all determinant points in this chapter.

## 4.1. Introduction

This chapter summarises the difficult starting point, at both the internal and the international levels, deepens the elements of the scenario enclosing the Country's national expectations for the future, and in that context identifies the bases and the dimensions of the Vision. The desirable scenario is the Bee scenario.

The road for development entails difficulties that are expressed in terms of weaknesses to overcome, threats and constraints to defeat, and strengths and opportunities to take advantage of, so that the Vision may materialise.

## 4.2. The Starting Point

### 4.2.1. Within the Internal Scope

Due to the transformations in the political, economic and social systems that happened in Mozambique in the last decades, the current situation groups diverse political and ideological reasoning, with different perceptions that sometimes converge, sometimes clash, occasionally in a threatening and violent way.

Mozambique is a mosaic of cultures consolidating the most diverse experiences and the deepest internal social changes, as well as the intense political, military, technological and cultural transformations at the regional and planetary scale.

Mozambique significantly contributed to freeing Southern Africa from apartheid, one of the major obstacles to freedom and development. The Country paid a high price for defending its national interest and for affirming its sovereignty, independence and solidarity to other peoples. The fighting phase is over, but the Country struggles with challenges to ensure social progress under an environment of Peace and stability among countries in the region.

The negative effects of globalisation and the growing vulnerability of the Country in the context of market economy tend to overvalue individualism. The main political, economic and social actors, operating out of tune with each other, tend to waste resources and energy in a Country among the poorest in the world, despite being endowed with substantial natural riches.

The absence of a common project for the society, one that mobilises and is based on conciliation between the various actors and that, simultaneously, ensures individual freedom and preserves collective interest, makes it difficult to overcome the extreme economic weakness of the Country and the conditionalities in international negotiation.

From this, it becomes clearly perceptible the importance of formulating a Vision of a national dimension, comprehensive, consensual, and focusing on the main problems of the Nation and on the high expectations expressed by Mozambicans.

The Country's Vision by 2025 tries to illuminate the paths Mozambique will travel over to become more cohesive, inclusive and modern, and in this manner providing for the material and spiritual well-being of the whole of its people.

In the last decades, independently from the political regime embraced, most African countries have been living under a difficult situation, including those that did not endure war or aggression, and even those that produce and export oil and minerals.

Visionary African leaders in this multi-faceted fight for Freedom and Independence, such as Ben Bella, Leopold Senghor, Gamal Abdel Nasser, Patrice Lumumba, Kwame Nkrumah, Julius Nyerere, Kenneth Kaunda, Eduardo Mondlane, Samora Machel, Amílcar Cabral, Agostinho Neto, Nelson Mandela and others, always highlighted that the struggle that follows the running up of the national flag in an independent country is the achievement of economic independence, a very tough and complex phase.

In this perspective, the reasons for underdevelopment should be sought with political and ideological independence. The causes most commonly pointed out for this failure are the consequences of colonialism, bad governance, poor intervention capacity of public bodies, the lack of an exemplary, competent leadership committed to the Country's progress, prevalence of corruption, little visibility and transparency in the use of resources, the adoption of development models designed overseas that do not contemplate specific realities, and lack of citizen participation in management of the commonweal.

The situational analysis presented in chapter II characterises the various economic and social agents interacting within society. Each actor operating in the market economy has specific interests that may be contradictory, or even antagonistic, with the interests of others, which may determine the success of some and frustration for others.

When egotism and greed rule, when there is no negotiation, the interests of, and differences between the various actors are exacerbated. The widening of the gap between rich and poor emphasises inequity, generates instability and affects social harmony, making impossible the normal functioning of economy and conditioning political and governmental stability.

To overcome underdevelopment, the Country can depend on substantial resources such as the availability of arable land, water, forest and marine resources, potential for tourism, hydropower potential, coal and gas, an enabling environment and untapped potential in the mining sector, and access to the markets of SADC countries.

For these resources to be taken in it is necessary to overcome the great challenges that characterise the Country, where threats of fragmentation, deepening of asymmetries in the cultural, social and economic aspect, are on the increase. These divisions are translated into agendas difficult to address in a country with few own financial resources.

In the economic perspective, Mozambique has been applying the recommendation agreed upon with the Bretton Woods institutions, which permitted to create the conditions for disciplining the macro-financial framework and attracting big economic projects that benefit the balance of payments, although their multiplying effects are not yet visible in the overall national economy. These situations are objective and have enormous relevance when equating the Vision's constituting elements.

The magnitude of problems to solve is unbearable for the Country and success is conditioned by the lack of technical staff, by the weakness of institutions, and by the bad management of resources available.

#### 4.2.2. Within the External Scope: the Reflection of Globalisation

Mozambique is independent, exercises its sovereignty, and is integrated in a world characterised by relationships of interdependence. The Country is part of the ensemble of Nations, took up commitments by signing international agreements, and has its own space in this relationship, which is its own responsibility.



Mozambique is part of the globalised world of communications, via both television and the new information and communication technologies. However, the flow of information is still uneven, and our Country is among the nations that consume more information than they produce.

The world changed radically when the Berlin wall came down, in 1989, and with world-wide technological development. International TV channels broadcast uniform images that feed the same desires of well-being, in Namialo and Manica, in Mocuba and Cuamba. A growing number of Mozambicans is transported daily from their village life into a planetary dimension. Internet users, also growing in numbers, travel around the world on a daily basis looking for useful information, news and entertainment.

Lifestyles all over the world, including in Mozambique, are determined by the images and lifestyle in developed countries. Fashion, sports club preferences, clothing, drinks, music and trendy films, show strong external references.

Mozambique is part of the worldwide market system, characterised not only by free trade but also by freedom of capital circulation, within a context where interest rates, exchange rates, and stock prices in the various countries are closely related.

Financial markets exercise a major influence on the world's economic conditions. The capitalist system is very favourable to financial capital, which is free to choose and decide where to invest. Emerging, underdeveloped countries, Mozambique included, compete among themselves for attracting direct foreign investment and financial capital.

Financial markets are, by definition, unstable, and there is the fallacious belief that they self-regulate, when in truth they are beyond control from national or international entities. Their volatility is such that crisis in a specific market may shake other markets whose indicators are not sustainable.

Various institutions of the world anticipate gloomy prospects in the development of sub-Saharan countries during this decade, with just a few exceptions. In this sense, Mozambique will have to find internal solutions for the challenge of development, considering worldwide reality.

The universal expansion of information and the growing computerisation manage the acts and contracts in the business world, in culture, and in the lives of citizens at large.

The daily lives of families tend to be conditioned by the electronic systems included in home appliances, vehicles, televisions and mobile phones. In many countries, children start to be acquainted with writing and to develop a taste for music and colours through a computer.

Making use of information and communication technologies, namely internet and mobile phones, farmer's associations in other continents have daily access to international stock exchanges and collect information on produce price trends, assess the ongoing and future turnover, and are able to decide on the pattern of their future production and marketing.

This is the trend in today's world that Mozambique will inevitably have to follow.

Modern sciences and technologies prioritise biotechnology, nanotechnology (miniaturisation), exploration of the cosmos, genetic engineering, cybernetics, and other technologies applicable to medicine, agriculture, industry and transportation, to all sectors of social and economic life.

As it has been occurring in the last few years, the future holds the promise of scientific breakthroughs for improving human life, prolonging longevity, increasing food pro-

duction and productivity, drought- and pest-resistant seeds, and high levels of productivity.

### 4.2.3. Globalisation as an Opportunity

The globalisation of the world has been seen as a serious threat to countries' sovereignty. There are, in fact, negative effects from globalisation that facilitate the occurrence of harmful phenomena, within a frame of impunity, including terrorism and certain forms of economic crime, among which we could point out illegal trade, financial crimes, usurpation of intellectual property rights, inter alia.

Price and quality are the essential variables in consumers' decisions. Most small- and medium-sized enterprises are crushed at the basis of the value pyramid, sustaining high costs. Companies are insufficiently aggressive, do not have the means for modernisation, and behave casually in anticipating external competition.

To ensure competitiveness, companies need to wake their ambition of climbing to the top of the pyramid.

Industrial production tends to be displaced to low-cost countries. The world of today produces whatever has better quality, is lighter, more durable, cheaper, and more pleasurable for consumers. For that reason, it is urgent to look at globalisation as an opportunity for integrating Mozambican companies into the structure of worldwide competitiveness. Under the current conditions, we should not insist on producing in the Country what is already produced in other economies, better and at lower costs.

Mozambique has an open economy, and for that reason cannot be a stranger to the globalisation movement or to the active participation in multilateral institutions such as the International Monetary Fund, the World Bank, the World Trade Organisation, the UN and its specialised agencies, and SADC, the African Union, NEPAD, inter alia. The good strategic location of our Country enables it take better advantage of this process.

Resorting to information and communication technologies, access to scientific research findings and to technological innovation are positive aspects that all actors should consider.

Safeguarding the positive effects on the environment, the use of new technologies is an ineluctable imperative for all Mozambicans, whether students, farmers, businesspeople or politicians.

The digital era offers us a unique historical opportunity for increasing production and productivity and raising the technological level in the countryside, in industry, in small- and medium-sized enterprises.

## 4.3. The Aspirations

The Country's sustainable development depends on policies that mobilise the People, the economic agents and civil society institutions around a common, consensual, unifying and inclusive national project, comprehensively implemented with dedication and persistence.

Solutions are not simple nor depend only on enlightened rhetoric. They depend on the political will of those who hold power, and above anything else on the actual capacity to materialise them.

Mozambique has conditions for development. The current situation does not appropriately satisfy the majority and keeps the Country under the dependency of international aid. For the Country to achieve better development levels, it will be crucial to strengthen unity, national cohesion, inclusion policies, tolerance, hard work and discipline.

Human and material signs of the long-lasting wars Mozambique went through during the last three decades are still alive. Despite the prevailing spirit of reconciliation, Mozambique can still feel in its soul the war horrors that killed people and destroyed goods and property.

We should all be mobilised to prevent the advent of ideas that would take us back historically. The painful war experience, the ten years of peace maintenance and consolidation, and the practise of multi-party democracy enable us to be sure and to believe that we may build a more prosperous Country for the future generations of Mozambicans.

## 4.4. Human Capital

Agenda 2025 tries to point out the way to follow by all citizens to jointly shape the future of Mozambique in the path to progress, social justice and prosperity. The main axis of strategic guidance should be reinforcement of the Mozambican Nation's substance and acceleration of the national integration process.

In the last 30 years, Mozambique went through metamorphoses without precedent. The Country moved from colonial oppression to Independence and Freedom. In the last three decades, the gap between youth and the rest of the population, between the countryside and cities, between intellectuals and the masses, and between politics and culture, widened.

The marked social and regional inequity generated by underdevelopment, poverty, and sudden implantation of neo-liberalism without the adequate social protection, establish an additional fault line in the Mozambican Nation.

The illegal accumulation of wealth tends to undermine the political ideology at the origin of '*Mozambicanity*'. It is partly facilitated by the domination of the neo-liberal productivity paradigm, which glorifies individualism and ignores most citizens, their ideals and interests.

The common fight against domination and affirmation of personality forged a national awareness among Mozambicans. The Country suffered deep changes that affected not only infrastructure but also values, citizenship, morals and ethics. Many of those effects may endure for more than one generation.

The Vision on Human Capital equates elements related to health in its overall design, including the physical, social, psychological well-being, and the comprehensive learning of Man.

Materialising the Vision in the sphere of health requires the expansion of the National Health Services to the whole territory, training of staff for the health units, and medicine procurement.

In the case of health, emphasis has been put on the fight against HIV / AIDS, malaria, tuberculosis, and mother and child protection.

Education and training should prevalingly value capacity-building of the Mozambican citizen, providing practical and theoretical tools for a successful life, specially to adolescents and youths. Education and training should be looked at as comprising four inter-related pillars of knowledge to take into account in the materialisation

of the Vision, namely knowing how to be, knowing how to know, knowing how to do, and knowing how to live together.

Education and training of women is crucial within this context, facilitating professional fulfilment and the irreplaceable role they play as mothers, leaders and educators. For women to fulfil at its fullest their social role and their role as citizens, they should be given the opportunity of permanent access to knowledge and training, enabling them to be up to date and prepared for supporting those that depend on them.

In the process of formulating Agenda 2025, expectations of the Mozambican society relate to putting more emphasis on the educational and training aspects of know-how.

It is the explicit expectation of all citizens, emerging in every debate, that the education and vocational training systems should be directed towards producing and creating wealth and life skills for individuals and their dependents, and for the Country, creating self-employment and jobs for other Mozambicans, thus contributing to their material and intellectual production, so that Mozambique may have a prosperous future.

The Vision points to the need of cultivating a civic, ethical, moral, patriotic, and peace-culture education from an early stage in kindergartens and primary schools. The rules of good behaviour, discipline, civility, sound posture, civilised attitude, order, cleanliness and hygiene, pudency, self-esteem, respect for the next man, are all practices to inculcate in citizens, contributing to all of us being proud to be Mozambicans.

Ethical and civic education should respond to the diversity in Mozambican society, in the cultural, linguistic, religious, racial, political and social spheres. In this sense, all the education and training efforts should be made towards us learning to live together and being sociable in an environment of Peace and tolerance, acknowledging and accepting differences.

The education is called upon to create a critical mass constituted by Mozambicans of both genders, able of independently analysing the political, economic and social processes and phenomena, formulating value judgements, and making conscious decisions.

Under the social perspective, education should be based on the values of family, community and the respect for African and Mozambican traditions, made compatible with the universal values of modernity.

Success in literacy and schooling should be strengthened by improving general education, rural education, adult training, technical and vocational training, by the proliferation of bookshops and internet access.

The crucial factors for the long-term progress of education are related to improving the quality of teacher training, acknowledging their noble social role, and providing incentives for their work to have better quality and results.

Of similar importance, there is a need for strengthening and paying more attention to university, scientific and technological education for high-level technicians, as well as for promoting pure and applied research, in connection to the entrepreneurial sector and the society.

## 4.5. Social Capital

The Country has citizens of many races, ethnic groups and cultures. We live in a multi-cultural citizenship within which no one should feel looked down upon or overvalued. All Mozambican citizens, irrespectively from gender, enjoy equal rights and opportunities.

Citizens of the Republic of Mozambique, whatever their race, religion or social origin may be, have the same rights under the Constitution. All citizens should stand for the nation's interests.

The Country must recover its self-esteem, without which is not possible to live with dignity and pride nor is it possible to focus efforts to overcome the countless problems and make the Country grow and develop.

Each Mozambican should fully embrace and enjoy citizenship, ensure Unity and national cohesion. Cultural specificities are respected and valued within the frame of the nation's blooming. Ethnic, cultural and linguistic diversity is a value, a wealth of the Mozambican society, and the stronger it is, the more it favours consolidation of the National Unity.

With globalisation, according to some approaches, we move towards the death of sovereignties, but developed countries, conversely, strengthen their own sovereignty and praise patriotism. In our country, the reinforcement of cohesion, unity, social harmony, and patriotism generate a centripetal action and prepare the field for facing centrifuge forces, with external references imposed by globalisation.

Unity of all Mozambicans should prevail in moments of grandeur and moments of crises, and it can be achieved through an education that develops patriotic spirit and preserves a firm posture of rejecting situations that clash against our morals. It is vital to insist on values, cultural identity, national character, and national pride.

The Vision equates elements associated to the Mozambican Man, and that is why shaping his personality, professional skills, and meeting his basic needs, deserve particular attention.

A Vision for the future depends on reinforcing the institutions that address issues related to family and women, strengthening co-ordination mechanisms that promote developments equity- and equality-based development. As such, expectations point out to:

- The elimination of gender-based discriminatory laws, for achieving enhanced social and professional inclusion of women;
- The complexity of the role and social function of women, vital for building a society, because a Nation may only be deemed as educated when women are fully integrated; and
- Strengthening the role of women within the family as mothers and educators.

Because Youth is the future of the Nation, it is pressing that society is committed to training and educating a dynamic, responsible, self-esteemed, and self-confident youth that is participative, creative, innovative, and committed to a prosperous future.

Making full use of the freedom of speech, young people should take up discerning positions that feed into the Country's progress, should take leadership in debates, in research in schools, in universities and production units. Through teaching and training, young people should release their creativity, increase their capacity and initiatives, in order to acquire broad knowledge about the world and about cultural differences. Young people should pioneer innovation for development.

The patriotic Youth appreciates differences, promotes society's positive values, honours national symbols, respects and protects the commonweal and the environment. The Country needs enterprising young people that gets actively involved in its development processes, acquiring and using skills that make them productive citizens, and developing knowledge and leadership capacities.

It is necessary that youths embrace a healthy lifestyle, one that is free from disease, alcoholism and drugs, has regard for family, culture and tradition.

## 4.6. Economy and Development

To ensure social and economic stability, the control over the vital sectors of the economy should be ensured by national entities.

Mozambique provides incentives for attracting direct foreign investment and supports selective immigration that contributes to job creation and the increase of national wealth. However, and not willing to feed xenophobia, it is essential that the wealth resulting from foreign investment increasingly benefits Mozambicans.

Mozambique's national interests cannot be materialised within a framework wherein the financial mechanisms with generalised effects in the overall economy and society are absolutely marshalled from abroad.

Notwithstanding the increasing inclusion of Mozambique in the globalisation process, social and political stability in the Country require a positive discrimination policy of empowerment designed to technically and financially develop the emerging Mozambican entrepreneurial sector. Management of this process should be thorough, comprehensive and transparent. Aware of their social responsibility and endowed with knowledge for professionalized management, Mozambicans should gradually and consistently take up an influential role in the economy and in valuing national wealth.

National citizens with capital should be more creative and have medium- and long-term points of view. In this process, focus should aim at increasing the enterprising and management capacity among the Mozambican entrepreneurial sector, developing a culture of savings and investment, fulfilling contracts, and regularly paying taxes.

Should Mozambican entrepreneurs ensure their companies' feasibility and competitiveness, it would then be possible to have a social and economic structure that sustains the Country in its march towards progress.

Mozambicans should increase their personal assets in a lawful manner. Both entrepreneurs and citizens should abide by their tax responsibilities, thus contributing to the better functioning of hospitals, schools, public services, and to the regular repair and maintenance of roads and equipment.

Mozambicans are urged to create wealth for themselves and the society, to invest and generate more employment in the national economic space. Simultaneously, the State and the society should ensure the whole population is able to meet its basic needs.

Bourgeoisie and elites should act exemplary in becoming elements of reference to the society. Our youth needs to have role models and leaderships should take up the responsibility of becoming that, fighting against corruption, promoting dignity and competency, and respecting the values of 'mozambicanity'.

Agenda 2025 tries, in this manner, to point out the way that the various actors in the society and the economy at large should follow to rescue our Country from poverty, misery and underdevelopment.

Mozambique is among the poorest countries in the world. With about 18 million inhabitants, of which 52% are women, active population is more than half of the total population. More than 70% of the population lives in precarious conditions in the countryside, resorting to rudimentary work tools to ensure their livelihoods.

The INE estimates point to an overall population of 31.3 million in 2025 in Mozambique, not considering the effects of HIV/AIDS. The World Bank estimates that in 2025 the overall population will be at 28.1 million if the HIV/AIDS effect is taken into account.

Economic growth should be comprehensive and sustainable, conducting to poverty reduction, to the creation of wealth within the framework of continuous development, and should promote comparative advantages, privilege endogenous variables and broaden the internal market, and find an answer for social inequity and regional asymmetries.

To overcome difficulties it will be necessary to develop policies that:

- Ensure a development perspective in macroeconomic policies;
- Promote agricultural and rural development;
- Ensure competitiveness of Mozambican enterprises;
- Promote such guidance to the financial system as to facilitate productive investment at the medium- and long-term, and under concession conditions;
- Improve substantially infrastructures and maintain them operational;
- Provide incentives to the formalisation of the informal sector;
- Promote actions that exploit the comparative advantages of Mozambique and allow adding value to, and generating benefit for Mozambican companies.

## Macroeconomics

The development orientation of macroeconomic policy in Mozambique should envisage poverty reduction and, in a sustainable manner, broader distribution of the growth benefits between regions. Above all, this entails real interest rates lower than those currently prevailing in the market, and maintenance of a competitive exchange rate.

The road to enduring stability passes through tax deficit reduction and the reduction of the costs bureaucracy imposes on the private sector, as well as through production and export increase as a way of creating employment and own resources in hard currency.

Following the sustainable road to development may take longer to lower inflation to desired levels, but the benefit is, in the meantime, increased growth and job creation, and consequently poverty reduction.

Productivity of basic resources is the factor with the heaviest weight for increasing income per capita and assuring broad distribution of growth benefits. Development requires the design and implementation of appropriate policies that include high productivity, in particular productivity of labour associated to an income raise in social groups with lower revenue and greater productivity, which means profitability without depending on subsidies.

It is essential to establish a positive relation between macroeconomic stability and development, which implies defining a compatible growth model. Adjustment programmes may continue to be necessary considering world market volatility, but should be based not only on monetary variables but also on other variables in the real economy that are as important, e.g. investment, employment, production, exports, real salaries, inter alia.

Restrictive programmes, considering just financial variables, are not, on their own, sustainable for long periods, because they do not ensure social stability, sometimes even resulting on social instability. Likewise, financial and budgetary balance achieved with external resources is not sustainable in the long-term, resulting in possible weariness of donors and the increase of external debt. Keeping a quite difficult entrepreneurial situation is not healthy either.

For that reason, it is important that the implementation of macroeconomic policies is made compatible with the effects in micro economy. Controlling inflation is important

for the process of promotion of employment and support to self-employment, but it should be equated together with an objective associated to employment.

Agenda 2025 highlights the promotion of employment and self-employment as a national aspiration. It is indispensable to maintain permanent co-ordination of monetary policy and fiscal policy.

The intention is to build a cohesive, inclusive society, fully releasing productive capacity and optimising the use of resources. This requires strategic planning and efficient management. For that, it will be necessary the concurrence of a strong domestic economy and a distribution of income that improves the purchasing power of populations.

Financial discipline and the objective of currency stability, understood as inflation control, are key elements in macroeconomic management and in microeconomics, as it bestows credibility and responsibility upon government people and entrepreneurs.

A sound macroeconomic policy, a relatively open and competitive market with predictable rules, and international balances that facilitate the developmental option, feed on an efficient policy in health and education, more employment and redistribution of income.

It is crucial to promote a credible programme that has a broad consensus around it and inspires a sense of ownership, a project that may be negotiated with the Bretton Woods institutions and the development partners.

Due to lessons learned and the influence of various actors all over the world, the IMF and the World Bank are changing. The paradigm Mozambique has been applying has not changed the economic and social situation of the country, and the same happened in other African countries that implemented similar programmes.

By 2025, the Bretton Woods institutions will continue to play an important role before the various elected governments in Mozambique in the monetary and financial domain, fiscal discipline, implementation of macroeconomic policies, and financing of development projects. The indispensable co-operation with these institutions promotes financial discipline and its control facilitates the mobilisation of additional external resources.

To ensure better realism in co-operating with these institutions, the various governments should have high negotiation capacity, knowledge and management skills. Despite the cashew industry, negotiations concerning sugar show that Bretton Woods institutions provide some margin for negotiation - increased knowledge about the Country's specific reality, the expansion of internal debate, and participation of the various actors may strengthen the capacity to negotiate with these institutions and facilitate agreement on more realistic and adjustable programmes that consider the Country's real needs.

We want to build a stable and developed Country, with a growing internal market and less dependent on external resources. This model has to be centred on increasing real production, on quality and competitive prices, inducing growth of the economy and employment.

The economy has to develop capacity and companies have to acquire competencies, and this requires technical, technological and training investment. There should be mass training of entrepreneurs, managers and technicians, for raising production and valuing natural resources, with particular attention to the manufacturing industry for export. The economy has to increase exports, but that entails supporting companies to reorganise and modernise themselves. It is crucial to analyse together with the co-operation partners how to best channel their assistance as to promote restructuring and reorganise the internal economy.



Internal growth of the economy by 2025 will continue to depend on external aid. To maintain this assistance in good shape it is necessary to improve the quality of fund management, ensure positive results in using that aid, as well as to provide more efficiency to the economy for achieving the desired high growth levels.

In order to create national wealth and reduce external dependency, Mozambique's development strategy should revolve around the following axes:

- Rural development centred on the reorganisation of communities and markets;
- Increase of rural employment and productivity, as well as promotion of agro-industries;
- Development of projects and programmes that add value to the areas or sectors where the Country has comparative advantages, namely:
  - Harbour and railway services serving the hinterland countries and taking advantage of the strategic location of the Country, in the Mozambique Channel;
  - The water and energy sector, in particular hydropower, coal and natural gas;
  - The mining sector;
  - The eco-tourism and tourism sector along the coast, in Lake Niassa and in Cahora Bassa Dam.

In the forthcoming years, and after solving the problems currently affecting quality and costs in the sector, Mozambique may become a world tourist destination, thus benefiting from the multiplying effects on agriculture, fisheries, food and beverage industry, domestic transports, gastronomy, cultural activities, handicrafts, etc.

The mobilisation of internal investment aiming at reinvestment in the Country, and the promotion of an emigration policy to strengthen linkages with Mozambicans living and/or working abroad, and thus attracting their savings into national development, should be encouraged.

In what concerns the actors for materialising this strategy, emphasis should envisage:

- Promotion of linkages between foreign capital and national capital, trying to establish relation mechanisms with national small- and medium-sized companies, able of ensuring supply of local goods and services, supporting the establishment of businesses both upstream and downstream;
- Promotion of partnerships and linkages between foreign capital and national capital;
- Promotion of public, private and family partnerships (PPPF).

## Rural Development

Poverty in Mozambique is a generalised phenomenon, but mostly a rural one. More than half of the Country's population lives in absolute poverty, but prevalence is higher in rural areas, where most of the population lives from small-scale agriculture.

Rural development plays an important role in reducing poverty, because rural families get their income directly from agriculture and from non-agricultural activities that have a strong link with the local agricultural economy. For that reason, to reduce rural poverty is crucial to raise schooling levels and to make agriculture grow, including productivity and access to technology and markets.

In rich countries, income per hectare in agriculture increased and is at least 10 times higher than that of poor countries. This substantial growth in the income levels has been the result of advances in agricultural research and technology, including biotechnology, with a parallel increase in the productivity of capital and labour.

Structural transformation of the economy should be based on agricultural development. This would reaffirm the constitutional principle that land belongs to the State and that the State should ensure Mozambicans have access to, should ensure the efficient allocation of land, and should regulate commercial transactions involving land use and tenure.

Mozambique has a large agricultural potential, whose success depends on a rural development policy that promotes the human factor, and particularly women, who are the majority in rural populations. Without the involvement and active participation of local communities and women it is not possible to achieve the development objectives, particularly those related to rural development.

The strategic option of community development in Mozambique is related to the enhancement of national capital, so that development takes place, rather than just economic growth. Financial capital acquired in Mozambique should benefit the agricultural productive activity and the national manufacturing industry.

Fast growth of small- and medium-scale agro-industry should happen under an institutional framework established from the district level upwards, as this is the way for increasing demand by the rural poor, resorting to external savings, together with investment of internal savings in developing social and human capital and in using land and labour as peasants' initial capital.

The first priority will be food security, access to food in quantity and quality throughout the year.

The pillars of an agricultural development strategy are:

- The improvement of agricultural marketing channels;
- The promotion of agro-industries;
- A faster, more reliable and transparent process for acquiring land titles;
- More effective rural research and extension as a way for meeting the immediate needs of farmers;
- Increasing productivity through extension services and use of improved seeds;
- Granting of incentives for production, preservation and export of agricultural, fisheries and livestock products.

The improvement of access to education and health services, access to credit and to local and international markets by rural families, as well as the investment in infrastructure, particularly in access roads, should play a key role in a rural development strategy.

## Human Settlements

The fast urbanisation and the excessive concentration of population is fruit of demographic growth, voluntary and involuntary migration, real and apparent employment opportunities, rural expectations, changes of consumption and production patterns, imbalances and disparities between the various regions.

Inadequate infrastructures and services, the lack of ecologically acceptable technologies and the unsustainable urbanisation, contribute to the degradation of rural environment. Furthermore, the lack of employment and work opportunities in rural areas favours migration to cities and reduces human capacity in rural communities.

Urbanisation in the Country is an irreversible trend. Sustainable development will mostly depend on the urban areas' capacity to manage production and consumption systems, as well as the transportation and disposal of residues, necessary for preserving the environment.

Municipal management may contribute to making provision of services to human settlements viable, equitable and sustainable, as well as to enabling citizens' participation in the construction of social and economic well-being, and in environmental protection.

Formulation, assessment and periodic review of housing policies are essential to increase supply of adequate housing. It is crucial to formulate housing policies that are integrated in the overall development policies.

## Competitiveness of Companies

Mozambican companies in general are not prepared to face the challenge of globalisation, as it may be inferred from the accumulated imbalance of trade with South Africa, and occasionally with Zimbabwe or Malawi.

To ensure that its commercial brands acquire regional and international reputation, Mozambican companies have to rise to the top of the pyramid that relates quality with low price and consumer preference.

It is urgent to establish conditions for participating in the national, regional and world-wide competition, ensuring use of the adequate technologies, and accurate and efficient entrepreneurial management.

National companies should be able to develop work culture and capacity, introduce innovation, new equipment and technology to increase productivity and bring down costs, without which will not be possible to be competitive or exploit the comparative advantages available for agriculture, the potential of seaports serving the hinterland, of water and power, mineral, forest and tourism resources, inter alia.

It is essential to train and refresh entrepreneurs ensuring changes towards modernity, as well we to prepare them for competing internally, regionally and internationally. For that, entrepreneurs should be given opportunities to follow market, science and technical developments that contribute for increasing production.

Investment is the magic word to ensure more wealth, stable and enduring profit. For that, companies have to undertake sectoral in-depth studies to ascertain the technological, management and marketing basis for ensuring an increase of entrepreneurial competitiveness.

The State has a role in supporting the modernisation of companies and in protecting national companies, within the framework allowed by the WTO and bilateral and multilateral agreements.

Legislation and labour management should reward merit, stimulate training and revitalisation of the productive system. In the more competitive markets, labour laws are very flexible and are designed to attract labour from other markets, and entrepreneurs do not take up all costs associated to labour during periods of recession. Workers are paid by unit produced within predetermined patterns of price and quality, which are the elements of competition in today's world. These are rules applicable to countries with advantages in the world market, a reality for which our Country is not yet ready because the high index of functional illiterates makes it difficult for most people to access and surf the internet, hindering the expansion of knowledge and capacity for exploitation national, regional and international markets.

Markets are volatile and crises succeed to periods of plenty. Thus, the economy has to be able to permanently adapt itself to changes, which requires private and public institutions to follow transformations in the regional and global level, and to be flexible in resource management.

Within this context, it is important to review legislation on leasing, labour and immigration, and regulations for hiring national and foreign technicians, in order to facilitate investment and competitive production, to speed up the property registering process, to ensure speed in registering and supporting the informal sector, to accelerate the process of issuing land titles, to expand the tax basis, to ensure a balanced dissemination and greater efficiency of public administration throughout the territory, to ensure governmental involvement for reducing the excessive administrative and bureaucratic costs, the prices generated by monopolies and oligopolies, which should be regulated by antitrust legislation.

Companies are affected by the weakness of their capital basis, by limitations in management and knowledge on the market, and face high real interest rates. In general, medium- and small-sized companies require adequate management, urgent financial recovery and in-depth renovation of technologies and equipment.

Today's entrepreneurs are the first generation of national private entrepreneurs. For the private sector to take leadership in building the Mozambican economy, it has to operate under a good business environment where procedures are kept to a minimum and contracts are scrupulously observed.

The State has the responsibility for supporting companies technically and financially. Within this scope, the fiscal policy should also facilitate development, rather than focusing only on formal private companies. For this, the tax base has to be broadened, while the State ensures an operational judicial system that can quickly solve commercial and labour disputes.

## Financing Development

Companies need concessionary funds and capacity building, as well as management control, to facilitate medium- and long-term productive investment, something the banking sector is not ready to do.

The lack of funds for investment may be overcome by establishing a development bank, credit guarantee funds and venture capital companies, targeting productive investment involving the private sector and establishing credit lines.

Special credit lines should be reserved for activities that are currently not eligible to the banking sector for being high-risk activities. Financial transactions would support the undertaking of medium- and long-term productive investments in the sectors of agriculture, fisheries, agro-processing, manufacturing and export of goods that incorporate national added value and may generate employment.

The fact that agriculture in Mozambique is determined by adverse climatic conditions increases risks in production.

A development bank and credit guarantee funds may have an important function in concessionary terms regarding training, acquisition of equipment and know-how, for preparing studies and surveys on national and international markets, for research and development, thus helping farmers to reduce costs and risks associated to markets.

A development bank is vital for capturing rural savings. Such a bank may have an important role in promoting national products in internal and external markets and in rural development projects, from small irrigation systems to small family factories for processing agricultural products, rural extension programmes for disseminating technologies and knowledge, marketing and rural transport.

The medium- and long-term credit, on which such a bank should be an authority, could stimulate investment in new technologies, in innovation and research programmes, and in the development of companies that trigger off productivity.

The target of rural development is the majority of the Mozambican population, and for that reason, a development bank has a key role and may be determinant for rural families, who would receive more attention in poverty relief and in creating their own wealth.

Although concessionary funds may be important, entrepreneurs and managers, who have to be capable of creating liquidity in their companies and of improving management, are the decisive factor. For this, entrepreneurs, managers and technicians need to attend short- and medium-term courses on entrepreneurial management, to lead the future of highly successful companies.

Another strategy in the Country's development process would be founded on agricultural research centres, on the use of appropriate technologies, namely seed production and evaluation of development projects. Such centres are important because they reduce the constant need for foreign technicians in areas where there is a national capacity. This does not prevent hiring foreign technicians, but strengthens the fact that they should be recruited to shape and develop national capacities.

This action should grow continuously. Concerning the undertaking of studies, nationals submitting adequate proposals should be considered first. In instances where knowledge is not available, it would be healthy that hired foreign entities would associate themselves with national companies.

With more competitive national companies, it would be possible to make full use of the SADC Trade Protocol, the mechanisms of the preferential agreement with USA within the framework of AGOA, and the commercial agreements with the European Union and the ACP, which are unique opportunities for re-launching Mozambican small- and medium-sized companies.

Direct foreign investment, including mega-projects, may develop momentum in the economy, attract resources from other sources to its sphere of influence, and generate linkage opportunities for national companies, which would allow the improvement of the development basis.

The central issue revolves around the strategic articulation that requires actions to stimulate the national productive capacities and skills. Some of those actions would be linked to funding, to technology selection and acquisition processes, to training and innovation, to standardisation, and to technological and quality regulations in industry.

Small-, medium- and large-scale foreign investment projects should contribute to establishing partnerships and strategic co-operation networks with national companies and entities. Agro-industries, engineering, mechanic technology, material and chemical industries appear as the natural candidates to medium- and long-term socio-economic development priorities.

Sustainability of growth and economic development in Mozambique requires reduction of the current massive dependency of production on imports, as well as the promotion and diversification of exports, diversification and development of the productive basis, and strengthening of the inter- and intra-sectoral economic relations within the economy. It is necessary to articulate the various dynamics in the economy to generate linkages and synergies essential for development.

## **Informal Sector**

From north to south, the Country is linked by numerous informal economic agents, mostly family micro-units, that earn their livelihoods and ensure employment to a large number of citizens. Besides generating employment, the informal sector facilitates cir-

culuation of goods and services. Economic policies underway do not favour the creation of formal employment, thus contributing to the expansion of the informal sector.

The informal sector does not pay taxes to the Tax Department, but it pays illegal taxes because administrative procedures and the excess of bureaucracy generate corruption.

The Asian and Latin-American countries are good examples of countries whose economies are mostly founded of small- and medium-sized companies.

The road to follow should be that of gradually transforming and integrating the informal sector into the national formal economy, rather than fighting against it.

Establishing an enabling business environment for micro-companies is a way of facilitating integration of the informal sector, an action that constitutes one of the major challenges for the next 25 years. Formalisation will be attractive if it is perceived as beneficial, if it is not slow, complex, and/or expensive to achieve. It will also be attractive when operators are sure that if they invest in formalisation, they will have a faster and safer return than they would have if they stayed in the informal sector. Within the scope of Agenda 2025 as a vision for the future, integration should be encouraged and entering the informal sector should be discouraged.

## Infrastructure

The infrastructures for transporting people and goods, the road network, railways, ports and airports, water supply, sanitation and drainage, power lines from various sources, telecommunication lines, hydraulic works, warehousing networks, and irrigation systems, are factors that push development forward.

No linkage may be established between agriculture, industry and markets without the existence of a whole set of operational infrastructures that facilitate free circulation of people, goods, services, and economic information. It is by facilitating the access of agricultural surpluses to markets that the economic power of producers may be raised, thus catalysing regional integration. Economic infrastructures are the thoroughfares where the various elements comprised in the social and economic activity in the Country circulate.

In this domain, the national road network becomes a priority, notwithstanding the importance of other types of infrastructure whose existence would help to attract investment for the productive sector and would create more employment. The availability and permanent accessibility of rural roads would trigger the operation of other components of social and economic life.

One of the big challenges to materialise a national Agenda is maintaining and constructing new infrastructures. Maintenance and modernisation of equipment and infrastructure requires a particular kind of attention. The quantity of infrastructures built is only relevant for the economy as long as they provide uninterrupted, quality services.

The lack of maintenance or poor maintenance limit the useful life of infrastructures, reduce the capacity to provide services, speed up their deterioration, thus forcing new short-term investment in rehabilitation. The temptation to reduce maintenance costs is always translated into significant losses in the investment made.

## International Relations

The Country has been receiving annually substantial international aid and credit to finance development, the State budget deficit and the balance of payments.

National production and tax income are not sufficient to meet every need. One of the constant elements that characterise the Country's underdevelopment is the level of expenditure, higher than the own revenue. In the past, such deficits were covered by transferences from the colonial metropolis in exchange of Mozambican miners' labour under an agreement signed with South Africa, which supplied gold at a fixed price that was then sold in the international market, thus earning a substantial revenue for the colonial power.

After independence, South Africa ceased the agreement unilaterally, and due to the international sanctions imposed on South Rhodesia, earnings in hard currency from commercial transactions with neighbouring countries decreased drastically. On the other hand, war between Mozambicans (ended in 1992) started to consume great quantities of resources in an unproductive manner. Expenditure increased and revenue decreased, and the deficits in the balance of payments and the State budget obviously increased.

Such deficits started to be covered by external debt, and more recently by donations and concessionary credits.

For years now, the Country has deserved the trust of co-operation partners, who have consistently kept their support.

The international aid directed to the Country and the on-going co-operation projects with governments, multilateral agencies and companies from various countries, are the expression of a spirit of friendship, solidarity, and co-operation, stemming from the savings of citizens of these countries and transferred to Mozambique in the form of donations or loans.

In any of the aforementioned scenarios, by 2025 the Country will continue to need substantial support from governments and multilateral organisations and non-governmental organisations. These resources will continue to be necessary to minimising the effects of natural disasters, supporting the balance of payments and the State budget deficits, financing education and health, infrastructures, acquisition of fuels, technical assistance and development programmes.

Each public and private institution, each leader, technician, official or employee should ensure the efficient and transparent use of those resources and/or credit. All entities benefiting from donations or international credit, including national and international non-governmental organisations, should present visible results from the application of those funds.

At the global level, the Country assumes its responsibilities and develops co-operation based on equality and reciprocal advantages. Within this scope, the various governments should continue to honour commitments entered into in the international and regional treaties or protocols.

In the regional context, Mozambique is part of the Southern Africa Development Community, and should endeavour for the consolidation of that organisation and the objectives of furthering economic integration, based on a relative parity of economic development among member countries.

With the participation of Mozambique, the SADC may, and should, become a competitive region of Peace and stability, in which every country may aspire to, and enjoy prosperity and well-being. This may be the greatest contribution to strengthening the New Economic Partnership for African Development (NEPAD) and the African Union.

For that purpose, Mozambique needs to speed up the development of its economy, so that its integration into SADC is made in conditions of equality and with reciprocal

advantages, which indeed does not take place. The current situation is characterised by the imbalance of economic and commercial relations, mainly so with South Africa, in a context of uneven trade.

Within SADC, governments are willing to harmonise macroeconomic policies and reduce barriers to the free movement of people and goods. This process has already started with the setting up of development corridors, the construction of Mozal and of the Temane/Sekunda gas pipeline, among others.

This effort should be intensified to ensure involvement of the Mozambican small- and medium-sized companies in big projects, in the transfer of technology, and in training managers and technicians, so that the economy becomes competitive in relation to the other partners. This entails sectoral co-ordination in the use of the comparative advantages of Mozambique within SADC. It is therefore imperative to create structural funds for supporting industry and trade by emerging national entrepreneurs.

In a more and more globalised world, and considering the possible scenarios of increased external dependency, Mozambique should continue to strive for economic independence.

In this context, it should promote the diversification of relations with countries or blocks of countries, consolidate relations with the various organisations, governmental agencies and non-governmental organisations, foundations, corporations and companies from all over the world that contribute for increasing the domestic economic competitiveness.

Mozambique is part of a world that is presently much more open, more complex and diversified, more interconnected and comprising greater risks, but some advantages might also be found if we are prepared, both academically and professionally.

Critical problems extend beyond the national territorial jurisdiction and are debated by civic organisations within an increasingly open space. Multinational corporations control today's world, operating in vast territories extending beyond the geographical boundaries of any country. Flexible partnerships and networks increased capacity among civil society organisations and social movements, enabling them to participate at the national and world levels, contributing to global change.

On the other hand, global challenges such as financial volatility, natural and environmental disasters, terrorism, drugs, infectious and contagious diseases, affect people all over the world, and no country is able of finding solutions on its own. The world trend towards a more informed, participatory and responsible society is very widespread, and is irreversible.

Considering the vast economic, technological, political, social, and cultural globalisation process, Mozambique should promote specialisation of its technicians in order to develop the internal capacity that will enable it to face globalisation challenges and, simultaneously, to participate in these global trends.

The United Nations should increasingly become the privileged centre for international regulation, peace consolidation and world security. Thus, it is essential to deepen democracy within its institutions and multilateral organisations, to intensify dialogue and ensure international equilibrium. This picture will allow us to reduce inequity in international economic relations, facilitating both our fight against poverty and the creation of wealth.

Only acting within the framework of the United Nations and the various international instances will it be possible to achieve the benefits that will promote Mozambique's development.



## Good Governance

With the end of apartheid and signature of the General Peace Agreement, a process started that has been sustained with remarkable satisfaction. In 1992, arms went silent and the Mozambican people were united in Peace, its great soul forgiving those who killed, destroyed and humiliated. Mozambicans held hands, embraced reconciliation and embarked on national reconstruction.

To ensure greater national cohesion, it is essential to promote the dialogue between the various actors in the society, prizing diversity and pluralism, as well as to promote the generational commitment as happened in the case of Agenda 2025, supporting a long-term future.

The list of constraints the Country faces is extensive. Because the process of building National Unity, understood as the identification of all citizens with a single flag and the same Motherland, is still underway, the materialisation of a common society within the national boundaries is still a major challenge. The definition of a linguistic policy would widen the platform for internal dialogue, involving more than just the elites.

By pointing out the way to follow in a consensual and inclusive manner, so that a democratic, equitable, free, open, informed and participatory society may be built in Mozambique, the Vision tries to channel each citizen's positive energies for the Nation's enrichment. Together, we are but a few to overcome the variety of challenges ahead of us.

Citizenship, understood as the set of equally shared rights by the members of the national community, is still fragile in our Country. The heavy economic dependency and weakness of civil society institutions concur for providing more attention to the requirements and obligations required by donors than to the national community.

Factors endogenous to the development process should increasingly become more relevant and determinant and be given priority in tasks or projects undertaken by citizens, in their own direct or indirect interest.

To value each person's contribution is necessary to respect differences of opinion in the process of unifying the Country. Respecting differences and equity as integrating elements strengthens trust and raises motivation for mutual knowledge among Mozambicans. If stakeholders accept that certain types of disputes are not to be put on the personal or political party level, difference of opinions may be managed within a framework wherein parties give priority to society, over individuals and political parties.

Members of political party and civil society organisations should respect differences of opinion. The dynamic reality around us determines that something that is now an unquestionable truth will cease to be so at some point in the future. Most things are relative, including unquestionable truths, which, in general, are also relative to the context they appear in.

Citizens and political parties aspiring to power should act in a way that does not disrupt governance stability or weaken institutions, because once they are elected those institutions will support governmental action.

Likewise, they should act and speak in a manner that encourages investors, so that they feel confident and safe when investing capital in Mozambique.

The political rhetoric that affects negatively the economy and the society affect the lives of those who work, their families, children, mothers, youths, and the People at large. As such, politics should improve the lives of all Mozambicans, and parties should organise themselves in order to improve the productive environment and the living

standards of citizens and the quality of governance. This is one of the greatest responsibilities of parties and their respective leaders.

Respect for those who hold positions for which they were elected or appointed in the highest spheres of the State is an attitude that should be nurtured by the whole society. These entities represent State institutions and for that reason alone deserve due consideration and should be supported in undertaking the functions entrusted to them.

Public institutions, and especially the Administrative Tribunal, the Attorney-General's Office, the inspection bodies of the State, *inter alia*, entrusted with a supervising mission, should be prepared and watchful for alerting or acting in cases of corruption or misappropriation of public funds, unnecessary or disproportionate expenditure to the detriment of better and more useful utilisation of scarce funds available.

People in government and political leaders are responsible for preserving governmental stability, without which will be difficult for the Country to grow. Political and governmental stability in Mozambique is something that is of interest to the people, party leaders and government managers. Given economic independence, Mozambique will have to continue considering the promotion of employment, support to entrepreneurs, and social security of families, as a State concern for which we need more revenue, better tax collection and a wider basis of taxpayers, in order to prevent greater tax evasion.

People's participation in the nation's destiny enhances democracy, and its benefits cannot be fully taken advantage of if such democracy is only of a consultative nature. Participation should be collaboration and should be oriented to developing ownership of the exercise's processes and products.

Consultation always plays an important complementary role in the participatory process, as it puts wider circles of citizens in contact with the strategy for solving the problems affecting them.

The preparation of a strategy by a group including representatives from the State, the civil society and the private sector, is the safest method to creating a national feeling of ownership over it. This process facilitates the implementation of projects and policies. It should be the regular practise of people in government and the various civil society institutions, including international NGOs and co-operation partners.

The Armed Forces for the Defence of Mozambique (FADM) are an important instrument to forming a national identity. They bring together, under the same flag and with common objectives, young people from various regions, ethnic and linguistic groups, sharing experiences that contribute to deepen the national attachment. The Armed Forces for the Defence of Mozambique should be professionalized and be ready to prevent and respond to threatening situations or war, or other regional conflicts resulting from possible disputes over economic interests or goods, such as management of water, mineral and tourism resources, common to two or more countries.

In times of peace, FADM should become a productive force, e.g. in the form of brigades to maintain and repair infrastructure, for undertaking tasks that contribute to reduce transaction costs and that improve road access. In times of catastrophe, they should assist in mitigating the emergency situation, helping victims and protecting the Country's assets.

Conscripting new recruits should provide the military with an opportunity for basic, medium, and higher level professional training, allowing them to find a job or becoming self-employed in the management of their own businesses in civilian life.

## Governance

Governance, understood as the exercise of political, economic and administrative authority to manage affairs in a specific country, comprises complex mechanisms, relations and institutions through which citizens and groups express their interests, exercise their rights and obligations, and mediate their differences.

Governance may be good or bad. The following elements characterise good Governance:

- Participation - it happens when citizens or their representatives have equal and adequate opportunities for initiating discussions on matters that concern them, are consulted about issues of a national, regional, or local nature, may express their points of view and preferences regarding such matters and play a role in the formulation of final decisions;
- Transparency - it may be described as the absence of secrecy in all government transactions and activities, except for those cases specifically provided for in the law. Transparent governance systems allow direct access to a wider range of information, are characterised by clear procedures in decision-making, have open communication channels between citizens and civil servants. Such systems enable citizens to scrutinise and evaluate all aspects of governmental action, to expose cases of misconduct and to protect their rights;
- Accountability - is a pre-requisite according to which civil servants should be accountable for the acts they undertake in the course of their mandate. In general, it comes about in transparent systems;
- Efficiency - it is the capacity of achieving objectives. A government may be participatory, transparent and accountable, without being efficient. Efficiency requires sensitivity, promptness in responding to specific human concerns, and skill in articulating those concerns to formulate objectives, to develop and implement strategies to attain the objectives outlined;
- Equity - it is an essential element for good governance, according to which all citizens should be treated in a fair, impartial manner, and no individual, tribe, ethnic group, race, religion or class should be discriminated or given special privileges;
- Primacy of Law - the main aspects of this issue, key for good governance, are:
  - The law should be equally enforced for all persons and institutions, including the Government;
  - Citizens should be protected against illegal and arbitrary acts;
  - All citizens should be treated equally by the law and be subject to it;
  - Primacy of law is the essential condition for ensuring the right enforcement, so that justice can be made;
  - To ensure prevalence of the primacy of law, there should be, inter alia, knowledge of the legislation and the legal system, independent judicature and judiciary system, non-corruptible police force, and non-discriminatory law enforcement.

There is a generalised perception that little can be made to ensure a sustainable social and economic development of societies in the absence of good governance, and this is valid for every society, including the Mozambican.

On bad governance, what can be said is that it is a development-inhibiting factor in various aspects:

- It creates tension between the government and those who perceive being excluded by it or being treated in a partial way by the legal system or by the authorities respon-

sible for law enforcement, which results in unnecessary strikes, that may be frequent and long, in economic sabotage, frequent street demonstrations and other forms of protest, and an environment of generalised chaos and disorder;

- It reduces and discredits the established authority;
- Laws are ignored as a way of challenging illegalities intrinsic to bad governance;
- It is often accompanied by corruption;
- Loss of revenue by the State, excessive expenditure in development programmes, generally inefficient;
- Implementation of poor quality projects.

Where there is no transparency, the economic, political and social options put development in question. A country acquiring a reputation of bad governance is not able of attracting investment due to the cost of corruption. Political will, transparency, accountability and determination, are indispensable for ensuring a change process that inspires confidence in the people, contributing for governmental stability.

## Democracy

The Democratic State stands for the following principles, values and objectives:

- Rulers and those they rule should act according to norms and procedures defined by the legal order in the Country;
- Division of powers;
- Political pluralism;
- Fair, free, and transparent periodic elections, characterised by choice, so that there is regular change of government;
- Decentralisation of Power to the possible extent, allowing participation of the People in the administration and management of their municipalities;
- Existence of a strong and operative Civil Society, understood as citizens, organisations, institutions, and local community leaders, organised in groups or individually, fully aware of their own citizenship and their participatory strength, with an influence on national economy and the creation of conditions necessary for accomplishing individual and collective rights;
  - Right to information. The plenitude of democracy requires access to objective, true and full information concerning all aspects of life in society, empowering citizens for economic and social self-governance, particularly in their relations with the Local Authority;
  - Acknowledgement and respect for racial, ethnic, religious, cultural, linguistic diversity that make up the national mosaic.

Good governance is the indispensable element for materialising the desired Vision. Governance is present in all public and private acts, and therefore the government and other bodies of sovereignty should exercise efficiently and effectively their regulating and supervising role over the economic and social activities, as a way of promoting the Country's harmonious development.

The current political system, although representing major advancements, is not yet satisfactory, as it is characterised by a representative democracy that only involves political parties. It is essential to ensure the internal democratisation of political parties and to develop participatory democracy, to guarantee representativeness of the various interest groups in civil society. In this way, citizens will become the main agents for democratic construction.

The Mozambican society aspires to permanent governmental stability, irrespectively of the political force in power. To meet this expectation, the governmental action should be sustained by a political system that is not limited to the action of political parties but that also incorporates social and economic interests in pursuing the objective of common interest, privileging participatory consultation, negotiation, and the peaceful resolution of conflicts.

The exercise of pluralist democracy is still a new one in Mozambique, and its consolidation requires strong management and policy formulation skills, an efficient, decentralised, deconcentrated and transparent governance that respects institutional memory. The construction of an institutional culture is a challenge still to overcome.

In the domain of public institutions, it is necessary to introduce big structural changes, so that they become increasingly operative and quality of both officials and services provided is improved.

Expanding the public sector reform is vital to supporting entrepreneurial and civil society organisations growth, and to contributing to remove the obstacles to investment and citizen service.

Slowness in licensing companies and in transactions involving land, the prevalence of labour legislation and regulations that discourage production and recruitment of technicians, and corruption in the civil service, make the cost of entrepreneurial activity very high and overburden household revenue.

An important aspect of governance, and to stop burdening companies in the formal sector, relates to extending the tax base, which should adopt more efficient and equitable mechanisms for collecting revenue, simplifying the system for registering companies and all procedures involving the interaction of citizens with the State, deconcentrating tax responsibilities and strengthening the judicial system, in need of improvement and a better sense of justice.

The Vision, which we want to be consensual, needs to be materialised within an environment where the State is at the service of citizens, where justice is at everyone's reach and is equal to all, where law and order ensure peace of mind and well-being, where citizens' possessions and assets are respected, and where the confrontation between political parties results in new ideas.

Other assumptions in the Vision relate to materialising the primacy of legality in acts and contracts, to restructuring the judicial system in order to make it effective and credible, to the fight against corruption and bureaucracy, to the promotion of ethics, to the deontology and the sense of service in public administration.

# CHAPTER V

## The Vision

### Executive Summary

It is an exhortation of a mobilising nature that defines Agenda 2025 as the spotlight for illuminating Mozambique in its path towards an effective national reconciliation, strengthening the Country's unity and cohesion, to ensure prosperity for all Mozambicans.

An important reference is made to the change of mentality, the need for firmness, determination, persistence and tolerance, which Mozambicans have to provide themselves with to win the battle against poverty and ensuring their needs are increasingly met.

## 5.1. Introduction

This chapter describes the Vision for the future of Mozambique by 2025. Starting by popular expectations, the Vision expresses the future coveted for the Nation and defines the big national objectives to pursue, so that well-being and prosperity are achieved by all Mozambicans. The Vision is aware of strengths and opportunities founded on the Country's historical, geographical, cultural and natural resources advantages, and considers the international environment.

By integrating the social, cultural, economic and political areas, the Vision equates the critical aspects on which the Country should focus resources and capacity, so that effects result from there that strengthen unity and cohesion, ensure stability and prosperity as basic conditions for meeting the growing needs of Mozambicans.

## 5.2. The Agenda 2025

The Agenda 2025 is a lighthouse beaconing ships in high seas on stormy nights, guiding them to safe harbour. Aiming at the 2025 horizon, it outlines the strategic lines that should light up the path Mozambique is to tread in the forthcoming years for providing substance to an effective national reconciliation, for strengthening unity and cohesion in the Country, and for ensuring prosperity to all Mozambicans.

The tasks to undertake for making achievable national expectations are enormous. Mozambicans should endeavour for the reduction of external debt, as it is not sustainable at the long term. Conversely, they should take their destiny in their own hands, make use of the endogenous development factors, and create conditions for each one to contribute for adding value to national wealth and for cherishing the great riches the Country has.

Sometimes people are afraid of facing changes, they fear the new. The future requires significant changes, requires major mentality changes, and requires sacrifice, firmness, determination, persistence and tolerance.

Many of the solutions to adopt will be tough and difficult to implement, but we should proceed carefully, confidently, not over-optimistically and not irreducibly pessimistic, and certain that better days will await us.

Each Mozambican may, and should, contribute a bit more to the growth of Mozambique. It is time for each Mozambican to think more about the Country. It is time for us, Mozambicans, to believe in our Country. Together we can do more and better to fight poverty and create wealth. The Agenda 2025 general lines consider the fight against poverty, and therefore they may be integrated into PARPA and into other governmental plans.

Political forces that are to govern the Country, as well as the other national actors, should not ignore the path outlined by Agenda 2025. In this way, the Committee of Counsellors and the Agenda 2025 National Council propose that in the next 25 years Mozambique is transformed into an Enterprising and Continuously Successful Country.

Along the course to 2025, Mozambican men and women will use their capacity, energy and knowledge for building together:

## Mozambique, an Enterprising and Continuously Successful Country

A Country in Peace, United, Cohesive, Democratic and Prosperous

A Harmonious and Supportive Nation

A Country proud of its History and Culture, where ethnical and cultural diversity are valued and respected

A Country where the environment and natural beauty are conserved, aesthetics are nurtured, arts, sciences and technology are developed, and research and innovation are promoted.

A Country where the community lives in a healthy environment, with food security, sanitation and reliable supply of drinking water, adequate housing, access to education and work, with a right to information, and facilities for accessing healthcare and essential medicines

A Country where children are born happy and healthy to a sound family environment, safe and with no fear

A Country where young people develop their creativity, work, and innovation skills, and are encouraged to develop their talent, physical and intellectual capacities

A Country where women and men enjoy equal rights and opportunities

A Country where solidarity includes the elderly, vulnerable children, the physically challenged, and other vulnerable groups in the society

A Country that promotes comprehensive education and training as a factor for transformation, integration and progress

A Country where poverty and social inequity are fought against, where equity is promoted

A Country where citizens devote themselves to work and the creation of wealth, are tolerant and respect the difference

A Country with a motivated and supportive society that fights firmly against corruption

A Country where citizens respect their fellow countrymen, observe ethical, civic and moral principles in all acts and contracts

A Country where leaderships are engaged in the general interests of the Nation and progress of the Country

A Country where those elected to the various State bodies practise good governance or constructive opposition, and are accountable for their acts to those who elected them

A Country where Democracy and the Rule of Law ensure security, justice, well-being, freedom and social harmony

A Country where Participatory Consultation is regularly practised

A Country where the State again meets the Society, and Politics meet Cultures

A Country with capable and efficient governance, decentralised and transparent, with governmental stability and preserving institutional memory, with high capacity for designing and implementing policies

A Country where the legislative, executive and judicial powers are separate and interdependent

A Country where the judiciary operates in full functional capacity, with dignity, respectability and public credibility

A Country where the State is the promoter of development and well-being, and plays the role of credible supervisor and regulator, facilitates and stimulates the private sector to practise sound competition in the market

A Country where the State, by materialising the constitutional principle, ensures and regulates access to, and use and tenure of land to Mozambicans and promotes efficient land allocation

A Country where productive co-operation is promoted at the local level

A Country that promotes the initiatives of Civil Society Organisations in favour of development

A Country where the Mozambican entrepreneurial sector is stimulated and the social and economic structure is consolidated

A Country where contracts and commitments are fulfilled

A Country that takes up its international responsibilities founded on the negotiation of its own development strategy and priorities with the development partners, on a basis of equality and reciprocal advantages at the global level.

The spirit of this vision has to be taken on by each Mozambican and by the Society at large.





# CHAPTER VI

## Strategic Options

### Executive Summary

The Strategic Options outline the main actions conducing to the materialisation of the Vision, overcoming weaknesses detected and considering the threats pending over the Country, as well as the opportunities.

In what concerns Human Capital, comprehensive education of the Mozambican Man is founded upon four pillars: Knowing How to Be, Knowing How to Know, Knowing How to Do, and Knowing How to Live Together and with Others.

In respect to Health, the strategic options focus on improving the basic living standards, an efficient and effective National Health service, acknowledgment of the importance of traditional medicine, expansion of the health infrastructure network, sustainable management of health units, fight against major endemic diseases (HIV/AIDS, tuberculosis and malaria), and special focus in the training of Health staff.

In relation to Education, focus will placed on the massive expansion of basic education, on strengthening secondary education, on community participation in the educational processes, expansion of adult literacy and education, on technical and vocational training related to Science and Technology and focusing on them, and on the introduction of patriotic, moral, ethical and civic education at all levels, as well as scientific research and innovation.

To achieve the Vision at the level of Social Capital, strategic actions are prescribed in the domains of national cohesion, national peace and stability consolidation, promotion of social justice, access and ownership of land by communities and households, improvement of management by promoting increased articulation between the various actors in the filed of land management, promotion of pro-active policies for the effective participation of women and youth in the effort of making the Country grow.

The strategic measures prescribed in the domain of Economy and Development relate to macroeconomic policy, which should integrate a perspective of development, strengthening of the State's role in the economy, and public services have to be improved to ensure faster and better service. For promoting rural development, the household and the entrepreneurial sectors have to become competitive in the national, regional and world markets. The industrial sector is also looked at under the perspective of generating multiplying effects in the economy, ensuring competitiveness and modernisation of companies, stressing the role of small and medium companies in the national picture. The informal sector is equated under a perspective of legalisation and provision of incentives for integration into the formal sector.

Within the scope of Good Governance, the paradigms are laid upon a multi-party democracy, on the Rule of Law, on the separation and interdependence of State powers, on a legal efficient order adequate to the real needs in the Country, on decentralisation and deconcentration, on access to information and the role media play in exercising the free circulation of ideas and opinions.

## 6.1. Introduction

The analysis made of the past and present, the understanding of internal and external events that may have an influence over the future, allow us to foresee the way for materialising expectations gathered all over the national territory.

To ensure consistency in the actions to undertake for achieving the desired future, it is crucial to act on the main weaknesses in order to overcoming them, and it is also necessary to take into account the threats pending over the Country, which should be duly equated and overcome. Furthermore, there is a need to strengthening national cohesion, the moral and civic values, the transparency of governance, and the participation of citizens in decision-making over matters of community interest.

The strategic options that follow consider the Country's situational analysis, national expectations and potential, and the desirable Vision as mentioned above.

## 6.2. Within the Scope of Human Capital

### 6.2.1. Introduction

In 2025, Mozambique should be a Country where Peace is consolidated, where Mozambicans may live in a healthy environment, in decent housing and with adequate food, water supply and easy access to health and education services, to comprehensive education, to employment, to information, and with a developed work culture and living in an environment of security and tranquillity. It is by considering these aspects that the strategic options under the context of Human Capital are addressed, along two main components: health and education.

The component of health comprises the physical, psychological, spiritual and social well-being of the Mozambican Man. The component provides the necessary tools for each Mozambican to make use of his/her physical and mental potential in employment and/or self-employment, and thus to ensure livelihood and social wealth.

### 6.2.2. How to Achieve the Vision within the Scope of Human Capital

In relation to health, the issues for achieving the Vision related to Human Capital comprise improvement of the basic living standards, the National Health Service, and training of Health workers. Concerning Education and Training, development of National Education System was equated in its various aspects emphasising, inter alia, Basic Education, Technical and Vocational Training, Education for Science and Technology, as well as Civic, Moral and Ethical Education.

Improvement of the basic living standards of Mozambicans is a long-term objective dependent on the effort made by the society, the policies adopted, and the overall development of the Country. The definition of programmes such as PARPA, PROAGRI, NEPAD, inter alia, aim at pursuing this objective, which should be taken into account by the various governments that will come into power up to 2025.

### 6.2.3. Challenges in Achieving the Vision

The general challenges concerning Human Capital are the following:

1<sup>st</sup> - Ensuring comprehensive education for the Mozambican Man, comprising the following four pillars or fields of knowledge:

- **Knowing to Be**, which means preparing the Mozambican man in an aesthetic, spiritual and critical sense, so that he is able of autonomous, discerning thoughts, and able to formulating his own value judgements that will be at the basis of the individual decisions he will have to make under the various circumstances of life;
- **Knowing to Know**, which is the education and learning of sound scientific knowledge, and acquisition of the necessary tools for understanding, interpreting and discerningly evaluating social, economic, political and natural phenomena;
- **Knowing to Do**, which provides the necessary professional training and qualification, develops an enterprising mind in students/trainees, enabling them to adjust not only to the current productive environment, but also to the transformation trends in the market;
- **Knowing to Live Together and with Others**, which translates the ethical dimension of the complete man, i.e. a man that is morally sound, that knows how to communicate with others and that respects himself, his family and other men of various cultures, religions, races, etc.;

2<sup>nd</sup> - Ensuring development of science and technology as one of the determining factors for improving the quality of Human Capital and for increasing its use as a production factor. Science and technology constitute a potential input for economic growth, for the eradication of poverty, and for improving the living conditions. The science and technology system (which comprises education, scientific research, technology, dissemination and communication) faces many challenges, among which:

- overcoming the quality and the absorption capacity problems in secondary, technical and higher education, leading to a critical mass increase in the sectors of education and scientific research;
- expansion and deconcentration of the research institutes existing in the capital and revival of local research centres;
- modernisation of the productive sector, which is currently characterised by the export of unprocessed raw materials, associated to the import of semi-finished and finished products, introducing modern technologies able of competing with their foreign counterparts in terms of quality and cost;
- elimination of economic, linguistic, educational and geographical barriers, so that the means of communication can reach a greater proportion of the population, thus expanding scientific and technological knowledge;
- mobilisation of the necessary resources for the maintenance and development of human and institutional capital;

3<sup>rd</sup> - Ensuring implementation of access to Basic Education for all young people in schooling age by 2015, thus honouring the commitment taken in Dakar by the Government.

4<sup>th</sup> - Improving economic, social, environmental and educational conditions, as to provide populations with an acceptable and healthy life standard.

5<sup>th</sup> - Supporting populations in rural areas as to increase production and productivity, thus creating the conditions to disposing of production, to develop the social and cultural basis and to expand essential infrastructure.

6<sup>th</sup> - Promoting and stimulating access to essential goods, facilitating trade and marketing of surpluses.

7<sup>th</sup> - Ensuring employment, household stability and sustainable development of the economy and the society.

8<sup>th</sup> - In relation to health, challenges relate to the need of:

- Ensuring primary healthcare and access to medicines;
- Reducing as much as possible the prevalence indexes of HIV/AIDS, malaria and other endemic diseases;
- Reducing child and mother mortality and malnutrition;
- Discouraging migration from rural to urban areas, supporting the creation of better living standards in the countryside;
- Promoting a work culture and engagement with national interests;
- Ensuring security of people and property.

## 6.2.4. Strategic Options within the Scope of Human Capital

Within the scope of Health, the main strategic options include the following:

### 6.2.4.1. Basic Living Conditions

Conditions should be established so that the Mozambican Human Capital is, above anything, healthy. For this purpose, it is important to design and implement national policies that translate into a continuous improvement of basic living standards, which should comprise decent housing, diverse nourishment, drinking water, access to employment, practise of self-employment, and access to basic information.

### 6.2.4.2. National Health Service

The National Health Service (SNS), as the main public supplier of health services in the Country, should also contribute to strengthening the Human Capital, complementing private health services, such as private clinics and hospitals, or other with non-profit institutions, such as health units supported by NGOs, religious order and other.

The strategic option for the health sector should direct efforts towards:

- Expansion of the National Health Service to the whole national territory, with particular emphasis on preventive medicine;
- Training staff for health units;
- Provision of medicines.

### 6.2.4.3. Traditional Medicine

Acknowledging the importance of traditional medicine to the provision of healthcare to the whole population may bring about major benefits to the Human Capital in Mozambique, as this type of medicine is entrenched throughout the national territory. It is also important to disseminate other forms of alternative medicine, such as homeopathy (natural medicine), acupuncture, yoga, etc.

As far as Traditional Medicine is concerned, it is recommended that a national policy for this field is designed and implemented, with the objective of improving knowledge about it, controlling and valuing it, as well as interlinking it with the SNS.

The training programme for 'traditional midwives' should be strengthened, considering that it has resulted in decreasing mother and child mortality in rural and peripheral areas.

#### 6.2.4.4. Expansion of the Health Network

Expanding the health network is part of a set of strategies to extend health services to the places where the population lives and works.

With this in mind, strategic options should:

- Maintain a health centre and a maternity operational in the most important localities, in towns and cities;
- Provide each district headquarters with a rural hospital, starting by the most important districts in economic or demographic terms;
- Improve the quality of service in general hospitals of the most populated cities in the Country;
- Establish co-operation between the national health and education systems, within the scope of the school health programme;
- Ensure functioning of provincial hospitals in each provincial capital and provide them with all the essential equipment, qualified staff and medicines;
- Improve the quality and functioning of central hospitals by creating the conditions for clinical training and research;
- Create an efficient system for transporting patients between the various health units, to ensure global service to patients and credibility of the system;
- Strengthen the School Health programme with the objective of providing better linkage between schools and health centres and of integrating the basic healthcare programmes into the teacher training curricula;
- The district should be the basis for planning and decentralising.

Other important programmes that need to be pursued are the fight against curable blindness, oral hygiene, support to the elderly, and the fight against the use of drugs and other addictions.

#### 6.2.4.5. Administration and Management of Health Units

The provision of healthcare is increasingly expensive and the State Budget is not able to ensure its sustainability. Thus, the strategic options to make in relation to administration and management of health units should be made in such a way that:

- The private sector and the civil society participate in the operation of SNS, either through health insurance or paying directly, at least in part, for services provided;
- There is a guarantee that the international community will carry on funding health programmes. The private sector, NGOs and others should be motivated to participate directly in SNS programmes;
- The most peripheral health units, such as health posts in the work place, health centres and maternities, should start to be managed and eventually built by municipalities, companies and other private entities, which should ensure their operation, maintenance services and recruitment of necessary staff. The State should provide technical support and define programmes. Provincial and central hospitals should be guaranteed assistance to research and training. Management should be diversified by outsourcing or maybe handed over to private operators;
- Specialised hospitals for the heart, kidney, transplants, ophthalmology, etc., are very expensive and require high technology and well-trained staff. The State should establish partnerships to fund specialised health units.

### 6.2.4.6. Control of HIV/AIDS and other endemic diseases

The fight against endemic diseases is strategic and decisive in the forthcoming years, or they will result in negative consequences on human capital and its productive capacity.

#### 6.2.4.6.1. HIV/AIDS

There is a National Committee for Prevention and Fight against HIV/AIDS and a National Programme led by the Ministry of Health. This strategy is mostly supported by the following principles:

- Prevention of the diseases, which necessarily requires information to, and sensitisation of, the whole society. The media play an important role in this regard;
- Use of condoms and restriction in the number of sexual partners;
- Voluntary testing of HIV/AIDS;
- Dissemination through the whole Country of counselling and support centres for infected patients;
- Treatment of patients with declared disease and drugs for opportunistic diseases and the disease itself (antiretrovirals);
- Treatment of pregnant women preventing vertical transmission;
- Support to the families of AIDS patients;
- Support to AIDS-orphaned and other dependent persons;
- Clinical research and study of local products with anti-retroviral activity.

Only with financial resources, qualified staff, full availability of anti-retroviral drugs, laboratories and community participation, will it be possible to curb the progression of this epidemic, which should be kept at a level below 10% by 2025.

The private sector, NGOs, the UN system, WHO and other entities, are invited to participate in this strategy.

The Ministry of Health should play a leading role as the State agent responsible for protecting and promoting health at the national level.

#### 6.2.4.6.2. Tuberculosis

Tuberculosis is a contagious disease of a noticeable socio-economic nature. Its dissemination is very dependent on the living standards of populations: on food, physical vigour, way of living, conditions of housing promiscuity and associated diseases, such as HIV/AIDS. Currently, there is an increase in the prevalence of tuberculosis, despite the programme under implementation by MISAU.

The main constraints to this strategy are related to the poor living conditions of the majority of the population, to the escalation of HIV/AIDS and to the high drop out rate of patients under regular treatment. Community involvement is important to reduce treatment and drop out rate. The desirable objective for 2025 would be:

- For tuberculosis prevalence to be around 50 new cases per 100.000 inhabitants, instead of the current +200/100.000 inhabitants;
- To reduce treatment interruption rate.

The prevalence of tuberculosis may only decrease if the living standards of populations are improved, if the occurrence of HIV/AIDS decreases, if patients and communities are sensitised, and if the health network is expanded.

#### 6.2.4.6.3. Malaria

This endemic disease is the first cause of death in the Country, seriously affecting children and adults alike. About 30% of admissions to hospital are due to malaria.

The national strategy is based on the fight against mosquitoes by eliminating puddles, spraying houses and using mosquito nets, besides treating infected patients. This strategy requires the participation of various structures, such as those in charge of environmental health, garbage removal, rainwater drainage, and above all the active participation of the community. In our Country, we have been working actively in malaria research.

#### 6.2.4.7. Medicines

Access to drugs has been a major constraint in the provision of health services to populations. By 2025, State health units should be provided with essential drugs and medicines for treating the main endemic diseases in the Country, namely malaria, tuberculosis and HIV/AIDS, among others. The strategic option for this area should be based on the following principles:

- Support to the establishment of 'essential medicine' production units for treating the main endemic diseases in the Country, such as HIV/AIDS, tuberculosis, leprosy, malaria and cholera;
- Purchasing of medicines in both the national and international markets should be centralised at the provincial level, and the provincial directorate should take charge for the regular distribution to health units in its area;
- Availability of medicines in public health centres;
- Ensure professional management of hospitals and health units;
- Medicines should be paid for at prices that ensure financial return, but the State should continue to contribute to the cost of essential drugs;
- Control and rational use of medicines by defining compulsory systems for treating the main infections in the Country and by monitoring therapeutic prescriptions;
- Equipping of laboratories and capacity-building for quality control of medicines;
- Vigilance of toxic reactions to drugs to ensure populations' health;
- Research on drugs and healing strategies used in Traditional Medicine;
- Sale of medicines without substantial side effects in commercial stores.

#### 6.2.4.8. Training of Health Workers

Training of human capital for the health sector deserves special attention, as these workers have to deal with the lives of people. Besides a sound technical and scientific knowledge, they should know how to deal with patients and be always available and abide by the professional ethics code. For this reason, training is made in specialised institutions and usually in connection with to a health unit used for training, internship and reference. The role of hospitals is crucial to the training of all SNS workers. Such training should continue to be provided by the Health Services, although private schools may be established for meeting needs in the Country.

Training of health staff should be carried out based on the needs and expansion of the health network, which is also dependent on the Country's economic and financial capacity. Training Centres the Institutes of Health Sciences were established under the Ministry of Health to train health staff, covering the Country north to south. At the



district level, the Training Centres train staff that stand at the base of the labour force pyramid, of elementary- or basic-level. At the provincial level, the Institutes provide basic courses in more complex areas and medium-level courses. At the level of Maputo city, there are courses of a more complex nature, as well as medium level and specialised courses. Presently the intention is to educate higher-level health technicians, with the creation of the Higher Institute for Health Sciences, in Maputo.

It would be good that the Country's needs would be met by 2025 with the establishment of a training centre in each district with a rural hospital for to training elementary- and basic-level nurses in the fields of mother and child health, preventive medicine, among others. This would allow easier access of applicants from the districts to training institutions. Hospitals and other health units in the district could also more easily meet their needs of staff, minimising displacement of health professionals from one province to another, and even from one district to another.

In each province, the option would be the existence of an institute for medium- and basic-level complex courses such as pharmacy, stomatology, physiotherapy, imaging (X-rays), management of health units, and nutrition. Such a Provincial Institute could also provide specialised, medium-level courses in the fields of anaesthesiology and ophthalmology, among others. The Maputo Health Sciences Institute should provide only medium-level courses and specialised medium-level courses.

The Higher Institute of Maputo, dedicated to training higher-level technicians, should expand to Beira and Nampula.

Progression of health workers in their respective career through training courses should be maintained as it is, as it meets their expectations.

For providing good training, it is important to be demanding in relation to the recruitment of applicants and during the course, and selection of teachers, who should be linked to hospital services, ought to be judicious, as they will serve as example and role model. Places for internships should have good teaching conditions, the school should be well equipped with a library, internet access and anatomic models, curricula should focus on know-how, and there should be a strong linkage between the Hospital Management and the School. It is important to retain health workers in their work places by improving social and professional conditions, specially in the districts, and there should be an assurance of progression in the career and equitable distribution throughout the Country.

Planning SNS staff needs should be decentralised and made by Provincial Directorates, in particular at the elementary, basic and medium levels. The necessary funds for maintaining and undertaking those courses should be sought after. The central bodies should prepare, inspect, co-ordinate and guide the curricula.

It would be desirable that by 2025 the training of staff would meet at least 80% of the Country's needs.

## 6.2.5. Comprehensive Education and Training

Within the scope of Comprehensive Education and Training, the main strategies are:

### 6.2.5.1. Massive Expansion of Basic Education

Basic Education is many times treated as a 'passport to life'. This emphasis stresses the general understanding that Basic Education should meet individuals' basic survival needs. These needs are:

- Communication ability, which includes literacy, arithmetic, knowledge on general civic, scientific and cultural education, as well as values and attitudes;
- Ability to maintain a healthy and sustainable living, which includes hygiene, sanitation and family planning;
- Ability to take care of own livelihood.

To ensure basic education for all by 2025, it will be necessary to increase the opportunities for establishing pacts and partnerships between the State and civil society organisations, the private sector, and international organisations. Within this context, the following options should be considered:

- Extend the opportunities for pre-school education via company nurseries or strengthening the role of families (of women in particular) in pre-school education through targeted programmes; pre-school education should be considered an important strategy for the success of children in primary education, because it develops a more favourable inclination for school;
- There should be a school in each locality teaching up to seventh class and able of taking in all children;
- Development of the School Map (*Carta Escolar*) to the whole Country to enable the adequate school network expansion;
- Extension of the School Chest (*Caixa Escolar*) to the whole Country to enable better access to education and retention in school for disadvantaged populations;
- At least 50% of places available in primary education should be occupied by girls. For this to happen, some incentives have to be provided to families, so that they encourage girls to study;
- Diversification of curricula in primary schools should be strengthened, without losing sight of the national basic curriculum;
- Designing free food programmes. Schools should, to their best ability, provide free snack meals to children, and in optimal circumstances the so-called 'school lunch';
- Setting up a system to support children with special learning needs;
- Establishment of special schools for the handicapped and mental defective pupils.

### 6.2.5.2. Secondary Education

The strategic importance of Secondary Education within the scope of comprehensive training lies in the fact that it is attended both by young persons about to enter the productive market and by people who are simultaneously engaged in productive activities and in school. Considering these specificities, the following strategies are proposed:

- Curricula for secondary education should be made more relevant and consider the social and economic reality;
- The supply of educational and thematic subjects should be diversified with extra-curricular activities, establishment of interest groups, youth associations, etc.;
- There should be a school in each district teaching up to the tenth class, apt to letting in part of the students that complete primary education in the localities (others would attend elementary vocational training schools of arts and crafts, agriculture or commercial schools);
- Strengthen skills in foreign languages such as English and French, indispensable for participating in the global market and society;
- Enhance the role played by IT in teaching;

- If applicable, groups of districts should establish partnerships for teaching up to the twelfth class.

### 6.2.5.3. Community Education and Training

Community participation is a crucial aspect in the functioning of schools, in particular at the primary level. For this reason, the ways for community participation should be broadened in educational affairs related to:

- Administration - involving the community in decision-making in matters related to administration and regulation;
- Financing - involving the community in school construction and equipping, in operational costs and remuneration of teachers.

The main objective for community education and training is to include students and trainees into the local production systems through education, associating the various community actors with the educational project. In this perspective, the following strategies are suggested:

- The curricula should be put into context by including topics related to the local culture, religion, learning locally available skills, environmental protection, and basic hygiene and healthcare;
- Curricula should include local forms of political administration and conflict resolution, such as is the case for land, the distribution of existing resources, etc.;
- Schools should disseminate the practise of taking students outside the classroom to surrounding community ecosystems (local companies, farms, churches, community centres, etc.) in field visits and excursions, but always keeping in mind their social function;
- Local religious, political, traditional leaders, entrepreneurs, professionals, doctors, trade unionists, counsellors, poets, artists, artisans, etc., should be regularly invited to the classroom to intervene in their fields of expertise. These actions should be included in the annual curricula planning;
- Parents and guardians should be invited to regular meetings with teachers, to closely follow life in school;

### 6.2.5.4. At the level of Training

One of the most important strategies for the comprehensive training of the Mozambican man is to improve the quality of teacher training. Only in this way will it be possible to promote and value the profession. For this, the following strategies are recommended:

- To improve teacher recruitment and selection mechanisms at the admission into training centres, mostly focusing on the aspect of aptitude;
- To establish tighter links between universities and teacher training institutes, to ensure better training quality;
- To develop programmes for continuing training and for competence and skills re-training courses, mostly opting for distance learning and new technologies;
- Study and implementation of the most adequate mechanisms for improving trained teacher quality, putting more emphasis on pedagogical practises;
- There should be a Primary Teaching Institute in each province to train primary teachers;
- Each region should have at least one Higher Pedagogical Institute (or a branch of the Pedagogical University) to train teachers for all levels, in particular for secondary education;

- Teachers for arts and crafts, agricultural schools and for technical and vocational teaching should come from Polytechnic Institutes, where they should receive pedagogical training;
- The teaching career should be valued, and material encouragement and incentives should be provided, such as housing, and better work conditions at school;
- The opportunities for distance learning in teacher training should be promoted.

#### **6.2.5.5. Adult Literacy and Education**

The battle of production, mastery of technical and scientific knowledge within production units, innovation, and productivity increase, will be won if both young and adult workers develop their professional quality and knowledge. In this framework:

- At least 80% of the adult population should be literate by 2025;
- Literacy programmes should be more relevant to agriculture, specialised workers in industries, arts and crafts schools, handicrafts and other spheres of the economy;
- The use of community radios in literacy activities should be promoted;
- Whenever possible, each school should have a solar panel as a way of allowing a third, evening shift of students, to increase adult training opportunities.

#### **6.2.5.6. Technical and Vocational Teaching**

The technical and vocational teaching is fundamental for comprehensive training, particularly in what concerns Know-How. Within this scope, it would be desirable that by 2025:

- There is a polytechnic institute in each province;
- There are medium level institutes (agricultural, commercial and industrial) in each province;
- There are at least two Arts and Crafts Schools and one Agriculture Basic School in each province;
- Special schools are established for artistic skills (fine arts, performing arts, sports, music and dance), vocational promotion and training for special talents recognised in students;
- Definition and emphasis of the various training courses are made according to the economic potential and in partnership with local economic agents;
- The curricula are regularly adjusted to market needs.

#### **6.2.5.7. Education for Science and Technology**

The main objective within the scope of Science and Technology is to develop an integrated system for production and management of knowledge targeting national needs, as a way of stimulating sustainable development in the Country, which entails:

- Development of an integrated scientific research and professional training system in the component of improvement of scientific and technological skills;
- Development of innovation ability in the productive sector;
- Development of a scientific and technological knowledge dissemination and communication system, taking advantage of new information and communication technologies.

The strategic options are to:

- Disseminate in schools the opportunities for accessing scientific knowledge through television, radio, newspapers and magazines;

- Promote scientific rounds and talks integrated into the new school programmes, at all levels, involving experts from scientific fields;
- Establish a Science Academy for stimulating research and its dissemination;
- Establish Scientific Dissemination and Technological Innovation Centres in each district that prioritise technological innovation in the fields of agriculture, livestock, construction materials, health research;
- Create scientific museums and promote exhibitions of technological innovation;
- Have a computer room with internet connection in each district school - in these schools, students would have access to computers, to educational TV programmes, to multimedia equipment, to information iterative systems, including electronic mail and electronic libraries;
- Pay particular attention to investment in laboratories, equipment and infrastructure that facilitate scientific research, whose importance should grant them tax and customs benefits;
- Reformulate local curricula, in partnership with the entrepreneurial sector, to define a profile for graduates adjust to the existing technical and scientific capacity;
- Strengthen the national education and training system in its component of creation of scientific and technological capacity;
- Stimulate the creation of research centres and regard for local knowledge;
- Prepare capacity-building programmes for the management and maintenance of laboratories and equipment, in partnership with the various faculties in universities; these programmes should be directed specifically to teachers;
- Establish a link between Technical and Vocational training schools and specific companies through agreements for traineeships and for stimulating study trips to industrial, agricultural and other companies;
- Ensure the involvement of local partners in procuring laboratorial, agricultural and industrial equipment;
- Diversify the types of ownership and management of school equipment, such as is the case of semi-public, mixed and community ownership, etc.;
- Ensure a knowledge updating system for teachers and researchers through their regular participation in international symposia and congresses;
- Introduce the career of 'researcher' in research institutions - there should be a system for rationalising the few scientists in the Country, promoting an environment conducive to institutional exchange and mobility;
- Ensuring the protection of intellectual property, copyrights and rights over the local knowledge;
- Stimulate the participation of women in research and innovation;
- It would be desirable to have a national system of incentives referring to the law of patronage and to financing research activities in the productive sector, and support to individuals that develop research and innovation, e.g. establishing a system of competition and awards that could contribute to acknowledging the importance of science and technology for the society at large and to improving quality and innovation;
- Stimulate the creation of foundations that support research and innovation, e.g. through a system of State subsidies or contribution, in the field of activity of each foundation;
- To establish a framework of incentives that promotes fixation of professionals and technicians in districts and localities.

### 6.2.5.8. Patriotic, Moral and Civic Education

Considering the prevailing moral deterioration in the Mozambican society and the growing crime rate, particularly juvenile delinquency, it is crucial to intensify the sensitisation work concerning patriotic, ethical, moral and civic values, starting in the family and with strong support from social institutions and schools.

Within this scope, the strategic options have the following as objective:

- Introduction at all levels of curricula on Civic, Ethical and Moral Education, whose contents should be adapted taking into account the Mozambican reality and the environment around the school, as well as the challenges of building the Mozambican nation;
- Teaching and reflection of the basic rules of sociability, from the family to the company;
- Teaching should be stimulated, specially the debate on the challenges of Democracy in Mozambique;
- The pedagogy to apply should prioritise methods that lead to practising Good and the democratic rules.

### 6.2.5.9. School Administrative Policies

In general, this level should deepen the process of administrative, normative, financial decentralisation, as well as the allocation of teachers, from the Ministry to Local Communities. This process should be gradual and accompanied by a system of regular evaluation.

The following strategic options would be desirable:

- To seek and regulate on new ways of funding, i.e. diversification of school funding sources by integrating parents or guardians, local economic agents and other civil society institutions and organisations with local representativeness;
- To combine various forms of ownership, e.g. schools, schools in co-operation with the private sector, community schools, religious schools, but the basic curriculum would be officially approved. Schools should have freedom for introducing contents that promote acquiring other theoretical or practical knowledge;
- The role of the State at the primary school level, basic agricultural schools, and arts and crafts schools should be kept to a minimum, i.e., the role of a regulator, coordinator and supervisor, thus opening space for the ownership regime and the direct management of school affairs;
- The participation of local economic agents in the definition of training contents for arts and crafts schools and agricultural schools should be reinforced, as well as in what concerns the availability of space for training centres, their operation, management and ownership. Relationship with the entrepreneurial sector should be one of complementarity, rather than competition;
- To increase budget for Technical and Vocational Teaching, particularly for the basic level and Teacher Training;
- As far is possible, school calendar should be adjusted to the local productive cycle and to other cultural and historical calendars.

## 6.3. Within the Scope of Social Capital

### 6.3.1. Introduction

In the domain of Social Capital, by 2025 Mozambique should be a Prosperous, United, Cohesive and Peaceful Country, proud of its History and Culture, appreciative and respectful of its ethnical, cultural and linguistic diversity, with a motivated and unified, free from the spectre of violence and the HIV/AIDS pandemic, with capable and efficient governance, decentralised, transparent, with governmental stability and institutional memory, holder of a high capacity for designing policies and for management, where poverty and social inequity is consistently fought against by the increase in national wealth.

At the local level, the decentralisation process should lead to an effective local participation in decision-making, thus appreciating the ability of communities to work together in seeking solutions for common objectives.

Family should consolidate as the basic cell in the society and the Youth, the hope of the Country, will develop their self-esteem, will be participatory, patriotic and confident in the future.

Mozambique should be a country free from all types of discrimination and violence:

- To promote equity in the distribution of wealth;
- To ensure the institutionalised full gender equity;
- To formulate development policies, programmes and projects with a gender perspective;
- For the participation of women and young people as active elements in the decision-making processes;
- To promote protection and defence of the rights of the child, the orphaned, elderly and handicapped.

### 6.3.2. How to Achieve the Vision within the Scope of Social Capital

The assumption for the success of implementing any Vision is laid upon Man, and that is why the shaping of his personality, his professional skills and meeting his basic needs should be at the centre of attention.

In this manner, the following are the strategic options to undertake:

- To stimulate investment for the expansion of development projects able of absorbing Mozambican officials;
- To promote interaction between higher education and the labour market, to value graduate cadres;
- To prioritise training aiming at self-employment;
- To create and expand Technical and Professional Training Centres in the provinces;
- To consolidate the expansion of higher education at the provincial level, aiming to the reduction of regional asymmetries of access at this level, in order to strengthen national cohesion;
- To promote integrated training of citizens in the various components of modern, traditional and local knowledge;
- To create social financing policies for students at all educational levels.

### 6.3.3. Challenges in Achieving the Vision

The most pressing challenges are continuing to build national unity and ensuring social justice. Unity must acknowledge diversity, which should accept differences in a never-ending quest for a new and constantly renewed meeting point, and unity in solidarity with those that suffer the most, the poorest. Cultural diversity is a national wealth when it contributes to cohesion and national unity.

The major challenges concern:

#### 6.3.3.1. Social Justice

The State of Social Justice endeavours to meet the basic needs of, and provide social well-being to citizens. For that purpose, the State should promote the correct administration of justice, access to justice and to basic services.

#### 6.3.3.2. National Cohesion

This is a sustainable policy project within national borders and based on the social and cultural substrate. Therefore, it is essential to face the design of a social pact and a cultural pact with realism, within the context of socio-cultural diversity.

#### 6.3.3.3. The family, society's basic cell

The intention is to appreciate the value of family and the education of citizens concerning the respect for the moral, ethical, cultural, social behaviour, and human rights values codes.

#### 6.3.3.4. Balanced gender relations

The intention is to achieve full equity of rights for men and women by enforcing the norms.

##### 6.3.3.4.1. Mozambican Citizenship

It is indispensable to materialise the values of citizenship and prevent them from becoming mere utopia in Mozambique. For that, it is necessary to promote conditions of social equity, particularly in terms of accessing collective commodities such as education, employment and social protection. Within this scope, the issues relating to Youth and Women affairs should be given more relevance in the political reforms in the Country.

It is crucial that egotism, corruption and violence are rejected, so that Mozambique develops within principles that incorporate human rights, democracy, tolerance, solidarity and the aspiration to a more ethical, more just, more egalitarian, more fraternal society, founded above anything else on upholding human dignity.

##### 6.3.3.4.2. Consolidation of Peace, Political and Social Stability

Peace in 1992, initially characterised by the absence of war, has been gradually coalesced into a peaceful sociability, in stability. Still, the multi-party system, albeit its progress, is not yet felt in its wholeness. Intolerance and wrongful behaviour are expressed easily in the Parliament's sessions, affecting prestige of Members of Parliament and of the political class at large, making the new dreams of peace and development fade away.



Nevertheless, significant steps towards the consolidation of democratic institutions should be taken and consolidated. Dialogue must always prevail as the privileged element for solving differences, no matter what they may be.

### 6.3.4. Strategic Options within the Scope of Social Capital

The recommended strategic options are the following:

#### 6.3.4.1. Promotion of Social Justice

The promotion of social justice is a basic condition for peace and stability. Strategic options are along the lines of:

- Facilitating the protection, assistance and legal education of citizens and the interaction of modern Law with customary law;
- Institutionalising dialogue as the instrument for dignifying diversity;
- Consolidating justice institutions;
- Respecting citizens' fundamental rights and freedoms, as well as ensuring access to public domain commodities;
- Scrupulously respecting the terms and conditions of public tenders and publicising results;
- Disseminating findings of official inquiries;
- Reducing asymmetries and social inequalities contributing for an equitable distribution of wealth;
- Ensuring revival and operation of community justice institutions, as well as their articulation with the judicial system;
- Ensuring transparency and equal opportunities.

#### 6.3.4.2. Access to Land Use and Tenure

The revenue of a peasant household and its integration into the market economy are strongly related with land tenure. The strategic options in this domain are along the lines of:

- Ensuring the right to occupy land, decentralising the process of accessing and holding land for communities and the family sector;
- Improving management and promoting better articulation between the various actors in the domain of land management;
- Educating communities in regard to their rights and duties;
- Reducing conflicts between community and commercial use, the community and municipal use, the economic use and the creation of protected areas.

#### 6.3.4.3. Communities and local institutions

Local communities play an important role in human development, for which reason measures should be taken to advance communities and local institutions. For that purpose, it is necessary:

- To appreciate the value of traditions that do not violate the fundamental rights of citizens;
- To enshrine in the Mozambican legislation customary practises that do not violate human rights;
- To disseminate Mozambican culture ;

- To stimulate research on traditions, culture and local institutions;
- To introduce in school curricula relevant aspects at the local level.

#### **6.3.4.4. The family, society's base cell**

The Vision equates elements related to the Mozambican Man, and that is the reason why shaping his personality, his professional skills and fulfilment of his basic needs deserve particular attention.

The family is the base of society, it is cradle of the values of 'mozambicanity', is where moral, civic and ethical values are learned, as well as the love and regard for the next man and the dedication to the Motherland. It is within the united family that citizens acquire the competencies that enable them to participate in the constructing of a harmonious future. Within this framework, expectations point out to:

- Strengthening the role of family as society's base cell, cradle of 'Mozambicanity';
- Education of family members towards accomplishing the principle of equal rights, respect for moral, civic, ethical, cultural and social behaviour values, and the fundamental rights enshrined in the Constitution, ordinary laws and international instruments;
- Education for increased protection of the rights of the child and the handicapped;
- Dissemination and enforcement of norms regulating family relations.

#### **6.3.4.5. Strengthening National Cohesion**

Cultural diversity should start to be looked at as a valuable resource, rather than an obstacle to national unity. Mozambique was a complex reality already before the advent of colonialism. The multiplicity of the Mozambican Nation's defining elements strengthens the Country's talent for coming together with dialogue.

The design of a sustainable policy project within national borders and based on pre-existing notions remains a major challenge. Therefore, the preservation and consolidation of mozambicanity call for a double pact:

- A Cultural Pact that relates unity to diversity and difference, the balance between the sense of belonging to a Nation and belonging to a specific cultural identity - it is essential to reconcile politics with national cultures. It is imperative to think about politics from the basis, from the identity markers forged in national cultures. The integrating capacity of the Nation depends on a relation between the political project and the ethnical and social characteristics of populations;
- A Social Pact defined as equity, solidarity and economic security - the political power, as well as the intellectual and economic elites, ought to find mechanisms for reinforcing and deepening the national spirit of solidarity. If the population at large is not able to meet its own basic needs while some live in wealth and ostentation, the national unity will be put at stake.

#### **6.3.4.6. Balanced gender relations**

We want to achieve full equity of rights for men and women by applying the norms.

Considering that 51.9% of the Mozambican population are women, proactive policies have to be developed so that by 2025 they are empowered to participate in the development effort in the Country.

In this sense, the strategic options should be directed to:

- Strengthening specific institutions dealing with women issues;

- Continuing the expansion of the Girl Education Programme;
- Strengthening the inter-institutional co-ordination mechanisms at different levels, and between institutions and the communities, as a way of promoting development based on equity and equality;
- Continuing the review of discriminatory laws;
- Adjusting the training plan of civil servants to the institutional development plan in the public sector;
- Changing the mentality to aim at valuing women's role.

#### **6.3.4.7. Social Inclusion of Youth**

Because Youth is the future of the Nation, it is pressing that the society commits itself to educating and training it to be dynamic, responsible, and self-confident, with the objective of making that Youth participatory, creative, innovative and committed to a future of prosperity.

The patriotic youth respects differences, promotes the positive values of society, honours the national symbols, respects and protects public property and the environment.

It is necessary that young people engage themselves in a healthy lifestyle, free from diseases, alcoholism and drugs, and respects family, culture and tradition.

The strategic options are:

- To adequate training of young people as to develop their personality, their professional skills and towards self-employment, in order to ensure that they will be dynamic, with character, responsible, will have self-esteem, are participatory, creative, innovative and committed to a prosperous future and to a healthy lifestyle, free from diseases, alcoholism and drugs, and respects family, culture and tradition;
- Organisations involving young people should take up an analytical position that promotes country development; they should lead the debate and research in schools, universities, and production units;
- Through education and training, young people should release their creativity, enhance their capacities and initiatives to acquiring a broad knowledge of the world and of cultural differences. Within this scope, to adjust education-learning to the socio-cultural reality of the Country, aiming to respond to the practical needs in the local labour market;
- To stimulate young people that show an enterprising attitude for getting actively involved in the Country's development process, acquiring and using skills that turn them into productive citizens, developing knowledge and leadership capacities;
- To create conditions for occupying young people free time with cultural, sportive, recreational and other activities.

## **6.4. Within the scope of Economy and Development**

### **6.4.1. Introduction**

The Vision wishes that Mozambique were a Country where, by 2025:

- The production of wealth and social equity are promoted;
- There is a work culture;

- The is the promoter of development and well-being;
- Initiatives are encouraged and the Mozambican entrepreneurial sector is stimulated, consolidating the social and economic structure;
- Contracts and commitments are respected;
- Science, technology, research and innovation are promoted.

Below we present the strategic options for materialising the above Vision.

## 6.4.2. Challenges in Achieving the Vision

The main challenges in achieving the Vision are:

- Ensuring macroeconomic stability in a perspective of development, involving not only financial and monetary variables, but also other variables that value, inter alia, prices, salaries and employment;
- Ensuring the economic development in the various sectors of the economy, prioritising agriculture, industry, mining, tourism, and infrastructures, within a healthy macroeconomic environment where tax and monetary discipline prevail;
- Increasing productivity and revenue in the countryside and ensuring that the goods it produces reach markets in a regular manner and at competitive process, and promoting agro-industrial processing;
- Promoting feasible investment programmes aiming at capitalising the comparative advantages Mozambique has to offer, particularly in the agricultural sector, in agro-industry, industry, mining, tourism, energy resources, etc.;
- Promoting a more efficient, dynamic and competitive entrepreneurial sector;
- Reducing the digital divide, assuming an increase in reliability and the expansion of networks and users;
- Stimulating a broad rural development programme in which all actors are involved and mobilised: the Government, the entrepreneurial sector, associations, rural communities, Universities, NGOs, religious organisations, solidarity organisations, co-operation partners, and in this framework:
  - To organise socially and physically the communities / villages, so that they incorporate the various development components which, by interacting, make the populations' social and economic progress possible;
  - To face the causes of famine, poverty, to reduce vulnerability, to produce improved seeds, family production, and act on the management of water;
  - To facilitate access to land use and tenure;
  - To promote and expand rural finance as a way of ensuring complementary financial resources to stimulate agricultural production;
  - To stimulate community management of services and infrastructures;
  - To involve the population in environmental management;
- Strengthening capacity in tax and customs management with the purpose of expanding the tax base;
- Materialising an industrial policy that articulates economic and social capacities and dynamics that may maximise the multiplying, economic and social effects of growth and the industrial transformation of the economy;
- Promoting adequate policies and practises for territorial planning and urbanisation, both in rural and urban areas;

- Promoting changes in regulations concerning settlements, to protect natural resources including water, air, biodiversity, energy and land;
- Conserving productive land in urban and rural areas;
- Protecting fragile ecosystems from the harmful effects of human settlements;
- Promoting reduction in the effects of natural disasters and desertification in certain areas of the Country or caused by man in human settlements;
- Ensuring the regular maintenance of roads, reliable power supply, increasing availability of energy for household consumption, particularly kerosene, gas and electricity;
- Ensuring the equity of women access to resources, particularly those related to credit opportunities and the right to inherit;
- Monitoring regional dynamics and balances, those of geopolitics and world economy, and advantageous enforcement for Mozambique or regional protocols, specially those concerning trade.

### 6.4.3. Strategic Options within the Scope of Economy

#### 6.4.3.1. Articulation between Macro economy and Micro economy

Macroeconomic policy has to integrate a development perspective. Specific measures ought to be defined for financial issues as follows:

- The fiscal policy should be sound: fiscal deficits, internal and external debt levels, and budget management, should be under strict control;
- The monetary policy should maintain control over the inflation, without damaging employment, salaries and real prices;
- The monetary policy management should be in accordance with the fiscal and investment policies, ensuring an adequate parity of the national currency in order to stimulating economic growth;
- The State should exercise strict and credible supervision of the financial system;
- The State should materialise a strong regulatory framework for private and public monopolies, in particular concerning utilities.

It is necessary to adopt policies that stimulate entrepreneurial development, internal savings and investment, the creation of employment and promotion of self-employment.

Funds granted by multilateral financial institutions within the framework of bilateral co-operation should be managed in a professional, transparent manner, and yield visible results to the benefit of the productive and social activity, with the purpose of improving competitiveness of goods and services.

#### 6.4.3.2. Rural Development

##### 6.4.3.2.1. Household and entrepreneurial sector

The household and entrepreneurial sectors should become efficient and competitive in the national, regional and international market. For this purpose, priorities should be focused on the following actions:

- Ensuring food security, i.e. access to food in quantity and quality throughout the year, by continued production and adequate storage;
- Producing for the internal and international markets exploiting the comparative advantages the agro-ecological regions in the Country and based on local knowledge and practise;

- Promoting the produce market giving particular attention to quality control, supporting the initiatives aimed at reaching the levels required by consumers;
- Supporting entrepreneurial initiatives that generate employment directly in the rural sector using labour intensive technologies and/or indirectly through the creation and incentives to service providing companies, as well as marketing and processing agricultural and livestock products;
- Promoting agricultural mechanisation as a factor associated to technological innovation;
- Solving some essential issues:
  - Ensure quicker and safer transaction of land use and tenure titles;
  - Invest in a strong system of agricultural technology and seeds, with well qualified staff and emphasising research, participatory extension and entrepreneurial management;
  - Develop rural finance and stimulate micro-finance;
  - Promote rural markets;
  - Better spatial linkages with transport and communication infrastructure, ensuring worthiness of access roads to production markets;
  - Promote industries and agro-processing.

#### 6.4.3.2.2. Promotion of public, private and household partnerships

The promotion of public, private and household partnerships should be stimulated with the objective of increasing agricultural production and productivity, as well as industrial processing, of agricultural and livestock, forest and fishing products, in order to:

- Acting on the supply side:
  - Promote technological transformation through gradual mechanisation of some of agricultural operations and the gradual introduction of agro-chemicals, as well as of adequate varieties for increasing household production and productivity;
  - Support the establishment of production and common services associations that promote the creation of mechanisms for supporting worthwhile supply pricing (non-distorted) and the reduction of transaction costs;
  - The State should, with private sector involvement, ensure an efficient extension service, the construction of irrigation schemes and support to maintenance and development of public infrastructures - maintenance of inter-district tertiary roads, define preferential prices to fuel and power;
  - Introduce competition in the national coastal shipping and increased frequency in those services, covering secondary and tertiary harbours.
- Acting on the demand side:
  - Promote the various types of rural markets, the reduction of transaction costs, dissemination of information on markets and prices in an appropriate format (radio, TV, bulletins);
  - Promote purchasing of agricultural products by traders, processing units, both for the national market and for export;
  - Encourage, whenever possible, the competition mechanisms typical of a market economy, trying to prevent the establishment of monopolies or monopsonies in the agricultural, forest and livestock markets.

#### 6.4.3.2.3. In what Concerns the Land Act:

As a way of enjoying a right enshrined in the Constitution, the Land Act should be further disseminated in a co-ordinated fashion and as an instrument for promoting rural development.

The strategic options for this sector are the following:

- To facilitate the transference of land use and tenure to third parties;
- To strictly enforce the Land Act in the sense that individuals holding land titles and that do not use that land within the legally established period, may only renew such titles according to the provisions in the Act and Regulations, and the title is automatically cancelled if the project for which it was approved in the first place does not materialise.

#### 6.4.3.2.4. Taking the opportunities available

- Taking the opportunities offered by markets in the era of globalisation, which entails the need for an effective vertical co-ordination, within the periods stipulated in contracts, the assurance of quality and price in agricultural production. The key features comprise:
- Quality requirements, sanitary and opportunity norms in terms of product delivery;
- Identification of specific markets for products such as maize, protein-rich edible oil, and other products that process what was previously a standardised, and therefore homogenous product (such as maize and soy oil) into a diversified product. Citruses, banana and other tropical fruit, vegetables and flowers, may be considered in a similar manner;
- The adoption of modern standards for quality and sanitary condition of foodstuffs and the need for quickly adjusting production volumes in response to short-term changes in demand;
- Changing the types of seeds and agricultural practises so that they correspond to demand changes in the final markets;
- Adopting new technologies that reduce production and marketing costs, in an environment where retailers may stock from several sources.

#### 6.4.3.2.5. Promoting funding of development

Promoting funding of development so that operators producers in the household sector are able to produce for the internal and the export markets.

#### 6.4.3.2.6. Investment in infrastructures

Mozambique should make substantial investments infrastructures the serve the agrarian process:

- Construction and maintenance of access roads, development of rural electrification;
- Development of research and securing extension programmes;
- Undertaking investments in the transportation sector, in the improvement of the education system, access to water sources, to health services and to electricity, in order to improve living standards.

#### 6.4.3.2.7. Processing of agricultural and livestock products from the household sector

The rural development strategy is driven by the processing of agricultural and livestock products from the household sector, and as a multiplying effect, the increase of return and the consequent intensification of productive investment.

The strategy revolves around three axes:

- Availability of financial capital for investment, at low cost, with the dual purpose of:
  - Inducing technological transformation with the adoption of new, environmentally friendly technologies, guaranteeing supply of selected products, facilitating access to market and adding value to products;
  - Increasing return and stimulating investment at a growing pace;
  - Continued enhancement of social capital and changes to the institutional framework promote demand and supply, savings and investment, which are the key elements with an endogenous multiplying effect;
  - Development of human capital via technical and vocational training directly linked to selected products, in parallel with formal education and literacy;
  - Expansion of the associative movement and improvement of living conditions in the fields of water, sanitation, and other basic services.
- Strengthening of the institutional framework for interaction between the community levels and the district level, and between the district and the rest of the Country, focusing on the following:
  - Democratisation and district governance;
  - Increase of citizens' participation in collective bodies from the community level to the district level, including localities and administrative posts;
  - Consolidation of the decentralisation process both by monitoring it from the provincial level to the citizen and by the effects of impact evaluation at the provincial and national levels.

### 6.4.3.3. Competitiveness and Modernisation of Companies

Companies play a central role in the production of goods, services, in the creation of employment and well-being. The main action should aim at establishing the conditions for their expansion. The necessary measures are the following:

- To raise work quality, culture and discipline:  
Work output should be measured and should reflect the real productivity levels achieved, being imperative to adopt the practise of "cost centres";
- Training of entrepreneurs:  
To overcome poor management and raise the level of training, Technical and Vocational readiness, entrepreneurs, managers, and technicians should attend retraining courses or specific short- and medium-term courses. Universities and institutes should provide seasonal training courses, especially during summer, in entrepreneurial administration and leadership.
- Support to exports:  
The State should financially support the enhancement of competitiveness in companies dealing with the export of national goods and services, ensuring marketing actions.
- Recognition of contractual relations:  
It is crucial to introduce a culture of entering into contracts and respect for commitments taken. Conflicts should be quickly solved by the judicial authorities.

### 6.4.3.4. Infrastructures

Infrastructures are one of the key factors in any society to push national development forward. They are particularly relevant for relieving poverty, because they create jobs,



for assuring circulation of people, goods, services and information within a specific economy. Furthermore, they facilitate access of agricultural surpluses to markets, which increases the economic capacity of producers to sell their production and catalyses regional integration.

The definition of priorities for establishing or expanding/maintaining national infrastructures should be demand driven and articulated with the communities affected by that action.

#### 6.4.3.4.1. Equipment Maintenance

Maintenance and modernisation of equipment and infrastructure are key issues that require special attention - infrastructures are only relevant to the economy if they provide quality, uninterrupted services. The lack or deficient maintenance of infrastructures limits their useful life, reduces their capacity for supplying services, speeds up their degradation, and forces new short-term rehabilitation investment.

Some of the problems in this sector are:

- A paved road that could last 10-15 years without new asphalt may become impassable after 5-7 years if it is not properly maintained. The cost of maintenance is about 1,000 USD/km, and the rehabilitation cost may reach 100.000,0 USD/km;
- The common practise of attempting to reduce maintenance costs is only apparently saves money, as it is usually translated into significant investment losses.

#### 6.4.3.4.2. Modernisation and Expansion of Infrastructures and Equipment

Mozambique should substantially improve functionality of its infrastructures to enable low-cost, high-quality production and productivity. For that purpose, it should have operational and properly maintained infrastructure.

Development of infrastructure requires large investments and entails feasibility, socio-economic, environmental studies, as well as engineering studies. A substantial part of such studies are made without the adequate access to information on the Country and without considering the internal management and maintenance capacity, particularly in the case of large infrastructures, technological options, degree of compatibility of brands and patents, with serious risks for their continued and efficient operation.

In the case of construction, labour intensive technologies should generally be preferred, although there are obvious limits to these options.

The National Institute of Physical Planning should fully exercise its important role in establishing areas of intersection, overlapping or contradiction between projects. This institution could be the physical and environmental support of financial decisions on the implementation of infrastructure projects, conveying useful and compatible information to all infrastructure promoters.

#### 6.4.3.4.3. Integrated actions that facilitate cost reduction

Integration of the transport systems - transport infrastructure strategies should be directed towards greater integration of the maritime, rail, road and aerial transportation, the railway should be the main transportation system for moving people and heavy cargo over long distances; roads should be the element supporting the railway system, taking advantage of the regular coastal traffic for transporting heavy cargoes over long distances and of the railway links with neighbouring countries. The transport operation costs should be minimised by developing a balanced multi-modal system.

New technologies related to construction materials and/or processes should deserve special attention, as they always translate into a cost and construction time reduction, and into easier and cheaper maintenance. Only then will it be possible to ensure continued modernisation and efficiency of equipment and services, meeting the ever-growing demand from users. New technologies are also applicable to construction and management of infrastructures.

Today, there is already a broad consensus in that participation of the national private sector should be promoted in the supply of infrastructures and services, whenever possible promoting competition to increase productivity and to lower costs.

The strategy for the various types of infrastructure for the next few years should consider the following objectives:

- Roads:
  - To complete direct connections between all provincial capitals with tarred roads, maintained throughout the year. A good north-south road is particularly necessary (with northwest and northeast links), as well as a bridge of the Zambezi River;
  - It is indispensable to have asphalted roads that establish the connection with neighbouring countries and with important ports, other than the provincial capitals;
  - To ensure a year-round link between provincial capitals and the districts, ensuring adequate routine maintenance of dirt stretches;
  - To develop a tertiary network in each Province that promotes agriculture, marketing of agricultural produce, tourism and the mining sector. To define responsibility of the central and local level entities in the exploitation and maintenance of the road network, as well as in making essential equipment locally available, such as grader and tractors;
  - To involve the private sector in road planning, investment, management and maintenance, in particular when this is justified by the level of traffic.
- Railways:
  - To optimise the existing network linking to neighbouring countries, which comprises the Nacala, Beira, Limpopo, Maputo and Libombos corridors;
  - To reconstruct the Sena line for developing the Country's Central Provinces and for transporting coal, timber, sugar and grain, among other products;
  - To develop a peri-urban passenger railway transport system with access to major cities such as Maputo, Beira and Nampula;
  - To study and develop intermediary transport systems, allowing users to select their transportation options. To enable participation of the private sector in investment, management and maintenance, through a system of concessions;
  - To integrate the national railway system, to interlink corridors, and to rehabilitate abandoned railway branches, by means of public and private partnerships under a regime of concessions;
  - To invest in the electrification of the main railway routes.
- Ports:
  - The ports of Maputo, Beira and Nacala should be optimised, in order to attract larger volumes of internal and transit cargo to/from hinterland countries, establishing links with the railway system;
  - To develop small secondary and tertiary ports, and most of all to create the conditions for the revival of coastal traffic, long-distance transport of people and goods,

prioritising Mocímboa da Praia, Angoche, Moma, Quelimane, Chinde, Sofala (Búzi) Vilanculos, Inhambane and Macuse.

- Airports:

The Country has 166 air grounds, of which one is international, five are aerodromes, and the remainder are small airfields of various levels. By 2025, the Country should:

- Have at least three international airports, in Maputo, Beira and Nacala;
- Have international aerodromes in locations that the development of tourism potential so requires;
- Develop and maintain existing airstrips to ensure air access to more remote areas;
- Strengthen services of aids to navigation and air security;
- Increase physical safety and security of airport assets.

- Energy:

- There is high power production capacity in Mozambique. The future on the energy sector will necessarily go through the expansion of the national power grid, supplying reliable electricity to all provincial capitals, major urban centres, agro-industrial production centres and tourist areas;
- To develop other forms of energy, namely:
  - Gas turbines and distribution of natural gas for domestic, industrial, and automobile use;
  - Hydropower, by using to the fullest the existing hydraulic schemes;
  - Coking coal, biogas, wind power, pomace, and ocean energy, substantially reducing the consumption of firewood and liquid fuels, to prevent the already visible desertification in peri-urban areas and the dangers of handling kerosene.

- Communications:

- To develop the national transmission network to support the whole communication system and the network of rural telephones;
- To substantially increase teledensity, currently at 0.5 network lines / 100 inhabitants, allowing access to communications in all parts of the Country. This requires large investments in the construction of telecentres in schools, telecafes, development of rural telephones, technological convergence in mobile/fixed telephony, sound, data and image, increase the number of internet users;
- To promote synergies between the energy and the telecommunications sectors for the joint use of power transmission infrastructures and transportation of optic fibre phone cables.

- Water and sanitation:

- To increase coverage, currently at about 35% of the population, to about 70% by the end of the next decade, according to the MDGs. In the case of Mozambique, achieving these goals requires partnerships between the public, private and community sectors and non-governmental organizations, as well as better use of millennium funds made available by the international community;
- To endow the Country with more dams and weirs for storing water for human consumption, agriculture and industry;
- To secure national interests in sharing the water from international rivers that run through Mozambique;
- In terms of prices, to practise economic and social justice, which means having self-sustainable systems at the reach of most of the population. Management of

small water supply systems should be made by the community, and not by the State.

### 6.4.3.5. The Role of the State in the Economy

The State public services should be reformed as to ensure better and quicker service. This requires major changes in work methods, eliminating lethargy, transforming the structure and changing mentality of civil servants. Such change should prioritise company development and improvement of public services to the benefit of citizens and of the State itself. Only with operative companies and public services will it be possible to raise production, thus increasing revenue for the State and improving the lives of Mozambicans - this is the central priority.

Governmental action of the various Ministries, Provincial Directorates, Central Bank and the various State institutes and bodies should be co-ordinated, transparent, non-discriminatory, and should have consistent overall effects. Governance should be more dynamic, more participatory and democratic, and with visible, quantifiable and replicable results.

The State should play the role of a credible supervisor and regulator, and should stimulate the private sector to practising sound market competition. The State should ensure stable rules for the effective operation of the competitive market, free competition, regulation of monopolies, and protection of consumers.

The State plays a vital role in promoting development:

- By temporarily continuing to play the role of promoting activities where the private sector is not able to fully exercise its function of economic agent;
- By contributing to the financial, technical and technological robustness of the Mozambican private sector, which is still struggling with the weakness of its capital structure and technical and financial management.

The strategic planning of economy and society on the medium- and long-term should be separated from financial activity, which generally operates on a short-term basis. The state entity that prepares the strategic plans should not be attached to the body managing current resources, which are expected to be scarce in forthcoming years.

The regular functioning of the economy and companies requires rigour and transparency, thus the judicial system should have a fast and predictable action to enforce compliance with contracts and to arbitrate commercial and labour conflicts.

Governmental structures should be strong and competent, so that service quality could be improved:

- An administrative procedure pending decision from public services should compulsorily be reacted on after a period fixed in regulations, upon which it will be tacitly deemed approved;
- Qualified technicians should earn salaries and benefits that are competitive in the labour market. Training should be continuing and progressive, aiming at the professionalism and efficiency of workers, their motivation, labour force stability and expenditure cuts in their integration and training;
- Work conditions in the State apparatus should be based on information technologies. The work environment should be stimulating. In this context, for focusing services and ensuring speed in the contacts with citizens, the following should be implemented:
  - Citizens' Assistance Centres, where the issuing of official individual documents is centralised;

- One-Stop Shops, where all company licensing and documentation are processed in an expedite manner.
- These actions entail developing an electronic government system, so that most services may be undertaken via informatics;
- All Specifications and Terms of Reference for public tenders, adjudication, projects and State procurement above a certain level, as well as results and findings of inquiry committees, should be published in the official gazette (*Boletim da República*).
- All Public Contracts between State bodies or public institutions and third parties, above a certain amount, should compulsorily be subject to approval by the Administrative Tribunal, without which they should be legally void.

#### 6.4.3.6. Industrial Sector

The strategy for poverty relief, reduction of social and regional inequity, and creation of wealth, require more job generation, better work conditions, productivity and salaries, with more modern and inclusive management methods and relations with trade unions, investing more in the professional training of workers and managers, substantially improving work and production quality and standards.

In the forthcoming decades, industrial policies should look into the following fundamental priorities:

- Promotion of export increase;
- Development of industrial capacity, with special emphasis on SMEs, including modernisation of the training, information, management, and industrial relations systems;
- In the mega-project negotiation process is important to define the types of participation for Mozambican SMEs;
- Considering specific commercial contracts, SMEs should get State support.

The impact of large projects generated by DFI depends mostly on the capacity for generating multiplying effects in the economy. To ensure comprehensive economic and industrial strategies, it is crucial to count on the support from SMEs:

- Similarly to the creation of special task forces to deal with the installation of sugar mega-projects and address the issue of sugar smuggling to protect the national sugar industry, it is crucial to establish a specific unit to deal with SMEs, to:
  - Overcome the various constraints to the full operation of SMEs;
  - Overcome the problems resulting from policy barriers and administrative inefficiencies.
- To undertake the financial recovery of companies, affected by war, natural disasters and deep political and economic changes, starting by those whose debt titles were already reimbursed by the Treasury to the commercial banks:
  - Company debt titles should be immediately transferred to the Public Treasury, he current creditor;
  - These titles and the appended warranties, purged from all interest collected, often illegally, should be handed over to a finance firm to be deliberately incorporated, which should take responsibility for collecting the capital at the long-term (up to 2025), applying a symbolic interest rate and a period of grace to be agreed upon on a case by case basis;
  - Simultaneously, the finance firm in charge of collecting those debts and the company under recovery shall agree on a reorganisation plan that includes qualita-

tive and quantitative performance criteria, including accounting, payment of tax duties, etc.;

- As the company recovery and reorganisation plan is carried out, the company should get financial support for its modernisation and development, namely to diversify its productive and export base, increase productivity and quality, develop production and quality support services, develop aggressive strategies for penetrating external markets, establish financial mechanisms for supporting exports.

To ensure competitiveness of companies, to formulate comprehensive industrial policies, to reduce the harmful effects of high transaction costs, the State should:

- Ensure maintenance and development of the infrastructure and services networks that secure inter-industrial linkages and connections between the various sectors of the economy, highlighting the link between agriculture and agro-industrial processing industry;
- Strengthen the regulating and supervising role of the State on the sectors where monopolies and oligopolies prevail, in particular in the financial sector, which has generalised effects on the economy;
- Establish inter-institutional co-ordination and co-operation mechanisms, practises and attitudes, avoiding departmental approaches to comprehensive national, local or sectoral issues;
- Industrial policies have to take into account the substantial regional asymmetries and their dynamic causes, as well as the initiatives to revert them, so that different specific approaches are developed for different regions or areas of influence with particular characteristics;
- Industrial policies have to consider the characteristics of companies and ensure that approaches are consistent with the more general objectives and socio-economic challenges, in order to articulate poverty reduction with fast-growing, broad-based sustainable processes, namely:
  - Identification and support to emerging industries, support to reconverting declining industries;
  - Assignment of higher priority to rural industrialisation and to produce-processing industries;
  - Institutional articulation and organisation into social and economic chains of value and product;
  - Promotion of development centres around new industries;
  - Monitoring and tracking industrial activity;
  - Promotion of initiatives conducing to the development of small-scale industry, maximising the use of local products such as tea, cotton, cashew, sugar, oleaginous plant, fruits and vegetables;
  - To look at the feasibility of establishing an institution dedicated to the promotion of local industry.

#### 6.4.3.7. Small and Medium Enterprises

From North to South, the country is interlinked by the economic agents, most of them family-sized micro-units that, in a regime of informal operation, earn a living and ensure employment to hundreds of thousands of citizens. Because the informal sector hardly pays any taxes at all and because it is difficult to coercively enforce such payment, the

increase in taxes and customs duties for meeting State's growing expenses is borne by formal companies, which makes them less competitive.

It is indispensable to contemplate the creation of Fund for the Capitalisation of Small Enterprises, of a competitive nature. Such fund could be financed by allocating part of the funds for poverty relief within the framework of HIPC and/or by duties and taxes paid by mineral exploitation activities and mega-projects, as a way of increasing the benefits for small economic units. The importance of developing such projects is so vital that it would be justifiable to request a specific loan to the World Bank's IDA, at a symbolic interest rate and 50-year term. If such funds were well managed, the multiplying effects of the action of hundreds of productive micro-units would certainly be encouraging.

The fund could finance most of the investment costs of small companies submitting feasible investment proposals, such as small-scale irrigation, agricultural research, small businesses, small agro-processing units, together with their respective business plans.

#### **6.4.3.8. Labour Law**

The Vision for the economy mentions the importance of making in-depth reforms to the Labour Law, in order to adjust it to the rules of market economy, thus promoting competitiveness, productivity, job creation, and to making it more attractive to national and foreign investment. In particular, hiring of qualified national and foreign technicians should be easier and promoted.

The Vision supports the need of authorising selective immigration of foreigners available for residing in Mozambique, willing to contribute to adding value to national production, as long as they prove having technological or financial capacity.

#### **6.4.3.9. Financial Mechanisms for Development**

##### **6.4.3.9.1. Establishment of a Development Bank**

The establishment of a Development Bank may play a crucial role in economic development in Mozambique.

- The economic agents (entrepreneurial and household sector) need to have access to concessionary funds at preferential interest rates to complement their own funds and to facilitate modernisation and expansion, and consequently the medium- and long-term productive investment the current banking system is not able to provide;
- Such a bank, directed to productive investment, ought to be managed with high standards of rigour and professionalism, and should develop partnerships between the public and private sector, as well as other partners;
- The development bank may play an important role in the provision of capital, in concessionary terms, for training, purchasing equipment and know-how, for preparing market (internal and external) studies and research, research and innovation activities for development, thus assisting farmers and industry people to reduce costs and market risks. Such bank may have an important role in the promotion of national products in internal and external markets, and support rural development projects, small irrigation schemes, family-size industrial units for processing agricultural products, rural extension programmes for disseminating technologies and knowledge, rural marketing and transport. The medium- and long-term credit the bank should specialise on could stimulate investment in new technologies, in innovation, in research and company development programmes, and would stimulate

productivity. This institution may be determinant for peasant families, who will become more important for poverty relief and creating their own wealth;

- Credit from this bank should be mostly targeted to public and private infrastructures under public and private partnership, covering the productive sectors with more competitive advantages, as a way of favouring those sectors: agriculture, agro-industry, fisheries, tourism, mineral resources, and export sectors.
- Rural development is the most important strategy for Mozambique, as it may benefit more than 70% of the population. A development bank would take up a leading role in such a strategy;
- Operating in a high-risk sector, the capital/asset ratio and credit provision requirements should be stricter than those in commercial banks;
- This development bank would gather the various funds already established to promote development actions, as well as the counterpart funds from debt relief (HIPC) that are to be used in the fight against poverty. The promotion of development projects is the most consistent and sustainable strategy for eliminating poverty, simultaneously ensuring a more professionalized management and cost reduction of financial intervention.
- The development bank would act as a second level entity, allowing overcoming imperfections in the financial markets, which severely limit the availability of funds for development, thus sharing resources, risks and benefits with commercial banks.

#### 6.4.3.9.2. Constitution of a Credit Guarantee Fund

The Country should consider establishing a Credit Guarantee Fund (CGF) that would act as an institution with the following functions:

- A second level financial institution, the CGF has the function of establishing credit lines to complement own resources of commercial banks, contributing to partially reduce risks, and consequently lowering the real interest rate;
- The credit lines have the objective of funding activities currently not eligible for the banking system due to the high risk involved. Financial transactions aim at supporting the undertaking of investment in the agricultural campaign and to meet the needs in the agriculture sector, fisheries, agro-processing, manufacturing industry, export of goods with national value added and that generate employment;
- To stimulate the incorporation of risk capital companies as a financial complement to company capital.

#### 6.4.3.9.3. Participation in costs

All the world's governments participate in costs, i.e. they grant direct or indirect subsidies to their companies or sectors with more deficit and/or inefficient. In the case of Mozambique, this instrument has not been allowed because allegedly donor funds may not be used for that purpose. Acknowledging that the Mozambican economy faces various asymmetries and high transaction costs, co-operation partners should allow the Government to use part of the HIPC poverty relief funds for reducing inefficiency costs, which often result in monopolistic prices and other inefficiencies prevailing in the market.

These products would be strictly used, as once they are instituted, they are very difficult to eliminate and could distort prices, hence the recommendation for applying the following directives:

- They should be temporary, to promote the transition to sustainable economic patterns;



- They should be targeted to family units and to the economy of the poor;
- They could compensate for external environmental factors and natural disasters;
- They could compensate internal and international market distortions;
- They can not be assigned by discretionary decision and should always be attached to performance and production and productivity improvement;
- Short-term credit should not be subsidised, as it would encourage inefficient use of the scarce capital and damages development of financial markets.

### **6.4.3.10. Stimulating Informal Sector Integration**

#### **6.4.3.10.1. Legalisation of the Informal Sector**

Legalisation of the informal sector by means of a simple distribution of property titles and warrants, and enforcement of tax policies that stimulate integration into the formal sector.

#### **6.4.3.10.2. Granting Incentives to Integration into the Formal Sector**

Formalisation of the informal sector carries certain costs that should be minimised by facilitating access to infrastructure, reducing legalisation costs, providing access to facilities, reducing/eliminating illegal duties, providing access to information and to concessionary credit.

For that purpose, a Fund for the Support to Integration of Family Micro-enterprises, *inter alia*, should be established, using HIPC poverty relief funds, through which the State could grant financial support as the economic agent improves its performance - organised accounting, proofs of tax and duty payment, sharing installation and infrastructure costs.

### **6.4.3.11. Human Settlements**

The options for achieving the sustainable economic, social and environmental protection objectives, the integrant components of sustainable development that are fundamental for improving living standards, should take the following into account:

- The sustainable use of land requires territorial planning:
  - The use of better territorial planning methods should be developed and supported, methods that globally integrate the needs for urban soil for housing, industry, commerce, infrastructure, transport, green spaces and wooded areas, considering the need for space for daily activities such as recreational areas, parks, sports grounds, land for gardening and urban agriculture;
  - It is necessary to prevent or minimise contamination of, and possible exposure to, industrial facilities and simultaneously promote urban planning, housing and industrial policy initiatives that discourage overdevelopment of contaminating industries in areas inhabited by people that live in poverty or other vulnerable groups;
  - Measures should be adopted to prevent and control air, water and soil contamination, noise levels, to develop the appropriate health assistance preventive and remedial systems;
  - Laws and policies should be prepared and enforced to define the appropriate levels of environmental quality, to determine the objectives for environmental improvement, and to signal the instruments for their achievement according to national and local priorities and conditions;

- The use of geographical information systems and the methods for environmental assessment should be maximised in designing regional development policies that are rational under the ecological point of view;
- An extensive co-operation with the local communities should be promoted with the purpose of pursuing integrated solutions for problems related to the use of land, transportation, and environment;
- Development of transport and communication systems:
  - Planning of transports and human settlements should be made in such a way that promotes adequate access to the workplace, social interaction, and facilitate important economic activities like obtaining food and meeting other basic needs;
  - Measures should be adopted aiming at the reduction of the negative impact of transports over the environment;
  - The use of cheap, non-motorised, efficient and energy-effective transportation means should be promoted.
- Producing adequate housing entails undertaking the following actions:
  - Decentralisation of policy and housing administration to the provincial and municipal levels;
  - Establishment of incentives to mobilise the private sector for attending the housing needs;
  - Mobilisation of innovative national sources of funding, both public and private;
  - Concessions of subsidies for the most disadvantaged people;
  - Support to community-based programmes that facilitate accommodation and services to homeless people
  - Promotion of house self-construction.
- Capacity for preventing natural disasters, for mitigating them and subsequent rehabilitation. To improve the natural disasters prevention capacity, we should:
  - Approve and enforce appropriate standards and regulations for territorial planning, for construction and planning, based on assessments of danger degree and vulnerability to natural or man-caused disasters;
  - Stimulate the continued mobilisation of national and international resources for activities related disaster mitigation;
  - Formulate programmes that facilitate voluntary resettlement and access for the whole population to areas less prone to disasters;
  - Mobilise all sectors in the society for participating in the prevention of calamities.

#### **6.4.3.12. Decentralisation and Deconcentration**

Decentralisation and deconcentration are key to materialising strategies at the local level.

At the district and/or municipal level, the essential components for an effective application of the economic strategy are the following:

- Reduction of bureaucratic formalities;
- Effective participation of the various actors in the decision-making processes at the district, community and locality levels;
- Inclusion of the various actors in determining the use of assets and public budget;
- Districts and municipalities should stand out as the cornerstone and base for action of development.

Participation in district planning has the objective of analysing the opportunity costs in the use of public assets, such as infrastructures and equipment, as well as the use of public revenue retained locally and the State budget for the district.

It is at the district level that provincial and national strategic and tactical decisions related to PARPA and the sectoral programmes of Agriculture, Finance and State Administration, are operationalised and influenced, being the district, therefore, the basis for monitoring and evaluating State interventions aiming at the reduction of absolute poverty.

#### **6.4.3.13. Development of Partnerships**

It is indispensable to consistently create national capacities in the various fields of activity, such as agriculture, livestock rearing, industry, mining, construction, engineering, energy, electronics and telecommunications;

- When international companies participate in tenders related to projects to undertake in Mozambique, they should be stimulated to directly or indirectly associate with Mozambican entities, up to a percentage to be defined in the tender specifications.
- National entities operating in the field should be involved in the consultation process, from the onset of the project-designing phase to its completion.
- With the purpose of strengthening capacity of Mozambicans and ensuring ownership of national assets, the State should provide support through the establishment of public-private partnerships, joint ventures, often in association with foreign companies.

#### **6.4.3.14. International Co-operation**

The international aid the Country receives and the projects developed with support from Governments and companies from the various countries should be directed as to produce structuring and multiplying effects to minimise the consequences of natural disasters, relieve poverty and/or promote development projects. Within this scope, Mozambique's success could be even greater if the development strategy and the definition of priorities is negotiated with the main development partners.

With the purpose of improving management of international assistance and ensuring that funds produce the planned results, it is crucial to:

- Ensure professionalized and transparent management of funds provided by the co-operation partners;
- Allocate funds in a selective and careful manner, taking into account the eligibility and incompatibility criteria;
- Restrain corruption by means of irreproachable example and dissuasive and repressive measures;

In what concerns funds provided by the various international agencies or implemented by NGOs, it is recommended that:

- All projects are designed with the participation of Mozambicans and with maximum involvement of local-level agents;
- All projects operate within the framework of legislation in force, and their plans are co-ordinated with the government at all levels;
- Projects started at the local level should be self-sustainable after a certain period;
- All entities, both governmental and national and international NGOs, should ensure proper administration and transparency in their projects and submit yearly their reports and accounts statements, if possible audited;

- The action of national and international NGOs should yield evident and tangible results towards development.

International NGOs should articulate with their national counterparts and develop their capacity for exercising their function in a professional manner.

## 6.5. Within the scope of Governance

### 6.5.1. Introduction

The overall Vision of Agenda 2025 is: United, Cohesive and Beautiful Mozambique, Harmonious Nation, Prosperous and Proud People.

Considering the aspects of governance mentioned in the Situation Analysis presented in Chapter II, a description is made below of the main strategic options for achieving the plausible Vision, based on the scenarios defined.

To materialise the Vision, the State has to ensure justice, security, material and spiritual well-being, for which it should play a leading role of credible supervision of the economic and social activity. Considering the weakness of national institutions and private sector, the State should go further in ensuring its development promotion function.

Governance, in its wider sense, has the responsibility of outlining, implementing and supporting the most adequate strategies to materialise national aspirations, i.e. fulfilling the State purpose.

### 6.5.2. How to Achieve the Vision within the Scope of Governance

To achieve the expected level of Good Governance it is necessary to look, inter alia, into the following elements:

- The political system should be laid upon multi-party democracy;
- The Government system should be supported by the Rule of Law and the extensive participation of citizens;
- Defence and security;
- Separation of powers in the State and their interdependence;
- Independence of the judicial power and proper functioning of the Justice apparatus;
- Institutional relation of the State bodies;
- Electoral system;
- Gender equity;
- Protection and better use of natural resources.

### 6.5.3. Challenges in Achieving the Vision

Challenges concerning Governance are:

#### 6.5.3.1. Democracy

The exercise of pluralist democracy is still new in Mozambique, and the construction of an institutional culture is an open challenge.

- Deepening democracy requires and efficient and capable, deconcentrated and pragmatic, decentralised and transparent governance, governmental stability, institutional memory and high policy preparation and management capacity;
- It is also necessary to refine the representation mechanisms - 'representative democracy' is not sufficient. In addition, Mozambique requires a 'participatory democracy' where citizens are the first agent of democratic construction, acting mostly at the municipal level.

In general, the project for the future, the struggle for development and social justice, the effort for achieving and maintaining democratic modernity, should be guided by a vision of the world focused on Man and on the Country's specific interests, benefiting from the support and co-operation of the international community based on respect, equity and reciprocity of benefits.

### 6.5.3.2. Political System

The political system should ensure governmental stability, irrespectively of the rotation of political parties in power. The governmental action assumes the existence of a political system that is not limited to political party activity, but incorporates economic, social and civil society interests, including those of cultural associations and religious communities, with the objective of achieving the common interest, privileging the conciliation process.

### 6.5.3.3. Good Governance

For the Country to have a type of governance that promotes the fight against poverty, increase of national wealth, that eliminates regional asymmetries and fights corruption, promotes ethics, deontology and the sense of service, promotes the material and spiritual well-being of citizens, respects fundamental freedoms, and ensures maintenance of peace and national unity, it should:

- Ensure the separation of powers and their interdependence - this is the principle for a normal functioning of the democratic State and responsible governance;
- Institutional memory: institutions should be structures so that changes in people occupying positions in governmental bodies do not originate disruptions or prevent pursuance of ongoing policies, projects and actions;
- Build public institutions in such a way that political differences do not lead to institutional collapse and/or blockage of the administrative apparatus;
- Promotion of a culture of State and impersonalisation of public institutions;
- Extend citizen participation base in governmental action - establishment and involvement of the various actors in Participation, Decentralisation and Deconcentration of political power;
- Materialisation of the primacy of legality in acts and contracts;
- The State and other collective public entities should be judicially accountable for damages inflicted upon third parties by their bodies, agents or representatives, in the exercise of private management activities, under such terms that assignors are accountable for damages inflicted by their assignees;
- Restructuring the judicial system in order to making it more effective, credible and prestigious, which necessarily entails entrenchment of the concept of JUSTICE, dignification of Public Prosecution magistrates and all other actors in the judicial apparatus, improvement of salaries and work conditions;

- Organisation of an efficient inspection and correction service (inspection of judicial acts) to assess the quality of work produced, respect for legality and the consequential evaluation of magistrates, which is a way for fighting corruption in the judiciary;
- Making electoral processes credible;
- Ensuring access to information for the promotion of transparency in administrative acts;
- Establishment of an impartial, apt, objective clear and direct public information system;
- Regulation of the free access to official and other information sources.

#### 6.5.4. Strategic Options within the Scope of Governance

The strategic options within the scope of governance are the following:

##### 6.5.4.1. Peace, Social and Political Stability

The acknowledgement of the right to difference within the context of political and cultural pluralism should lead the intellectual elites to function as role models and mediators between the political, economic and social elites, and the communities. Dialogue, conciliation and negotiation should be common practise. Transparency and impartiality should be secured in the management of the *res publica*. The State should become the promoter of development, the guarantor of law and order, should be professionally managed and above party interests, acting to creating the conditions to ease regional imbalances and social inequity. For that purpose, one should:

- Promote social responsibility;
- Develop the community security networks;
- Prevent conflicts by means of local persuasion rules, standards and mechanisms;
- Ensure law and order for providing security and serenity to citizens, and protecting their property and assets;
- Generate jobs aiming at full employment.

In the democratic process in force, which allows rotation in power, the various elites and actors should show political and technical competence so that they are able to convince citizens, in fair and free elections, to validate their capacity and legitimacy for governing.

##### 6.5.4.2. Political System, Democracy and Participation:

Another determinant aspect is to ensure that the political system to adopt in Mozambique ensures permanent governmental stability, notwithstanding the normal or occasional changes of power.

The governmental action assumes the existence of a political system that is not restricted to political-party action, a system that also incorporates private and civil society interests, including those of cultural associations and religious communities.

To undertake the gigantic task in the Vision, the Country needs of a strong and acting State and requires a competent governmental action, able to materialising its policies and establishing a strong base for regular negotiation with the civil society and the private sector. To fulfil its functions of supervisor and promoter of economic and social activity, remuneration of State qualified workers should be more competitive, so as to attract and retain good quality cadres, providing them with an attractive professional career and pension system, and personal dignity.

To ensure governmental stability is essential that:

- The appointment of the Prime-minister is made by the political force with parliamentary majority in the Assembly of the Republic;
- The selection of government members should consider capacity and aptness of the person in question, as well as his/her professional experience;
- High ranks of the State and leaders of the main public companies and institutes, appointed by the President, the Prime Minister or a Minister, should submit an inventory of their property to the Administrative Tribunal, at commencement of their governmental function.

To ensure better operation and cost reduction, and notwithstanding the deconcentration and decentralisation process, the governmental apparatus should be rationally reduced, to the benefit of its own quality and efficiency - changes in central bodies of the State, including ministries, should be made only upon due technical and financial validation.

With a sense of responsibility, austerity and moralisation of power before taxpayers and the population at large, as well as before co-operation partners financing the national budget, the State bodies should exercise moderation in representation expenses, supplementary benefits and other privileges, which should be matter of strict regulation, monitoring, accountability and punishment.

It is also crucial to preserve institutional memory. Institutions should be structured in such a way that changes of people on the job do not prevent pursuance of ongoing policies, projects and actions - all changes to introduce in current policies should be carefully studied and justified, extensively debated, and should not harm economic and social agents.

It is important to create public institutions, so that political differences do not lead to institutional collapse and/or to disrupting the administrative apparatus. Consequently, the appointment of leader to the various State institutions should be made by means of a predetermined mandate, in order to ensure institutional stability and continuity, irrespectively of holders of ministerial positions.

One of the most important actions to undertake in the domain of governance is developing pluralist democracy. This exercise is still new in Mozambique, and building a democratic institutional culture is still a challenge to overcome. The development of democracy requires effective and efficient, decentralised and transparent governance, with governmental stability, institutional memory and high capacity for preparing and negotiating development and management policies.

Still within this scope, it is necessary to refine the mechanisms of representation at the parliamentary level, with the objective of ensuring better and qualified representativeness of the whole nation. Thus, it is advisable to continue the debate around uninominal constituencies, so that the various interest groups may present put forward own candidates. Likewise, it would be convenient to deepen the analysis of the introduction of a second chamber in the Assembly of the Republic by 2025.

Furthermore, the need for establishing a State Council, comprising reputable and independent citizens, political leaders of parties represented in the Parliament, as a regular Head of State consultative body for major national issues, should be assessed. Major national issues include:

- Issues of national defence and security;
- Economic development strategies, in particular concerning rural development, small and medium enterprise development, and foreign investment;
- Legal stability over essential issues such as land, macroeconomic policy, ownership, guidelines for national development, capital and assets;

- Governmental stability and effectiveness improvement;
- Political, Social and Cultural Pact to strengthen unity, cohesion, promotion of ethnical and cultural diversity and national languages, to engage society in the fight against corruption, etc.;
- Foreign policy - diplomacy and economic, commercial and cultural co-operation relations with other countries.

To ensure integration of the various points of view, consideration should be given to the establishment of a National Council for Economic and Social Development to advise the President of the Republic, the Prime Minister and the Parliament on policies and actions to undertake in the social and economic domain.

Under the strategic point of view, it is important to stimulate reflection on the national, regional and international realities.

Considering that representative democracy is not, on its own, sufficient, the State bodies and institutions should permanently dialogue with citizens, the main agents in the construction of a participatory democracy.

Strengthening of democracy should be thought upon considering the following aspects:

- Patriotic awareness;
- Respect for the institutions;
- In electoral processes, the winner's attitude should be that of practising good governance, and that of those who lost should be to engage in constructive opposition, for the sake of the Country's progress;
- Prevalence of the general interest over the private interest;
- Strengthening of the peace culture;
- Promotion of a work culture;
- Awareness-raising concerning the tax payment need;
- Relentless fight against corruption.

In general terms, it is crucial that the project for the future Mozambican society and for the struggle towards development and social justice, that while rejecting the prevailing values of self-centredness, greed, corruption and violence, Mozambique develops within the principles of human rights, democracy, tolerance, solidarity, and aspiration to a more honest, just equitable, fraternal society, founded upon the affirmation of human dignity and ethical principles.

### 6.5.4.3. Legality and Security

An efficient legal order, adjusted to the real needs of the Country, is one of the main national ambitions. To achieve it, one of the paths to follow is incorporating customary law into the modern State legislation, providing it with a framework and an inter-relationship with judicial courts in all that does not go against written law, as a way to acknowledging the pluralism of the internal legal order, and therefore the prevalence of judicial courts.

It is also critical that dissemination of knowledge and respect for the legal order is promoted, which entails increased control, enhanced monitoring and accountability.

Strict and transparent management of tax accounts should be ensured, so that taxpayers identify themselves with State plans and programmes. Austerity and accountability should be regular practice among State officials. Voters should be allowed access to information on the use of public funds and priorities. The preparation of plans and



programmes should be publicised, so that people in government may perceive popular sensitivity on specific priorities. Citizens should be provided with independent inspection reports of public accounts.

Whenever possible, parties should seek the extra-judicial resolution of conflicts between them to prevent overburdening tribunals with cases that may have easier and quicker resolution by mutual agreement.

The Labour Act, Media Act, and Election Act should only be changed by a two-third-majority of delegates to the Assembly of the Republic, as they are of a Constitutional nature due to their relation with citizens' fundamental freedoms and safeguards, thus ensuring stability of the rule of law.

#### **6.5.4.4. Access to Information**

Access to information is one of the fundamental conditions for guaranteeing transparency and good governance, and generalised information availability should therefore be promoted, in an independent, responsible, clear and direct manner. As such, it is relevant:

- To develop and massively disseminate the information and communication network, both in the city and the countryside, using new technologies;
- To regulate on the free access to information from official sources, except classified information; it is essential to define and update the concept of State secret;
- To abide by the ethics and deontology of media professionals, ensuring respect and protection of the reputation of institutions and citizens, and the prevalence of collective interest over personal interest.

Since democratic governance entails public debate and decisions open to interest groups organisations and the free circulation of ideas and opinions, it is crucial to have objective and independent information. The exercise of the right to information is one of the pillars for materialising citizenship and a Mozambican identity. Access to information provides a voice and ensures participation of citizens from both genders, necessary for constructing a Democratic State.

The media plays an important role conveying political activity to the people, and as far as the governmental action is concerned, it contributes to preventing conflicts, providing space for popular participation in the national processes, it is important to expand the media expansion throughout the Country, in particular radio and television.

The contribution of media to the democratisation process entails interest, awareness, consciousness, knowledge and understanding, which entail capacity and techniques for using communications to support socio-cultural, political and economic development.

Above all, the effective use of media to supporting peace, democracy and good governance requires that all sectors in the society have access to diversified information, opinions and ideas, as well as to opportunities for expressing their points of view, not only in the official language but also in the national languages they better use and understand.

#### **6.5.4.5. Decentralisation and Deconcentration**

Decentralisation and deconcentration play a crucial, strategic role in relation to good governance and the effective participation of citizens in the democratic process. This option involves:

- Delegating power to lower government levels;

- Deepening the Country's municipalisation, endowing municipalities with own expenditure and revenue budgets, with supervision opportunities and control exercised by voters;
- Ensuring the existence of Municipal Master Plans that include State reserves and green spaces, and strict respect for them;
- Establishing mechanisms that secure institutional memory at all levels;
- Promoting leaders apt to manage and promote initiatives for the better use of local resources;
- Making material resources and equipment available for fulfilling their functions;
- Accountability of rulers to citizens.

## 6.6. Strategic Options for Other Sectors

Strategies put forward are not comprehensive. Developing societies and the economy requires an adequate and in-depth treatment of the various forms of capital, including infrastructural capital and institutional capital, inter alia, besides the purely physical and private capital.

Therefore, good governance should also look into protecting and promoting the best way for exploiting natural resources, so that the economy and development may meet the needs of the State and the society at large.

Concerns related to economic growth, employment generation and revenue increase in the least developed regions, and the role of the armed forces in the development of international relations should, at a later stage, lead to detailed studies to be prepared by State, private and civil society institutions, which will create opportunities for specific policies that should be as consensual as possible and mutually consistent, to be subsequently implemented.



# CHAPTER VII

## The Road Ahead

### Executive Summary

The Committee of Counsellors guided the formulation of Agenda 2025 - The Nation's Vision and Strategies, now substantiated in this final document, which reflects the participatory and broadly inclusive process, and the long and detailed research work that involved several experts from various scientific fields, started in 2001.

The Agenda 2025 document was, from the onset, looked at as a reference for the whole society and for future governments. It is therefore essential to define ways for disseminating it for comments, criticism, evaluation and permanent adjustment to internal and external dynamics.

The current Committee of Counsellors ceases its function by delivering the Agenda 2025 document to the Head of State of the Republic of Mozambique. However, it is duty of this group of citizens, based on the experience acquired, to propose a mechanism for following up and updating Agenda 2025.

As such, a suggestion is made for establishing a specialised institution, such as a Foundation, an Institute for Strategic and Development Studies, a NGO, or other, that may articulate and monitor the process now started, which will develop with the extensive participation of citizens, individually, in association, or institutionally.

Such an institution should comprise professionals on a permanent basis working as an operational and functional secretariat, under the direction of a representative Management Board that encompasses the complex political, social and cultural diversity of the country, and that develops a work method of combining direct consultation with research and free debate of themes, always promoting consensus.

## 7.1. Introduction

Tasks to undertake at the various levels for making the best scenario a reality are massive. They are tasks related to values to take in, behaviours to correct, new attitudes to adopt, policies to formulate or reformulate, structures to restructure or redirect, rural development to promote and companies to make more competitive.

They are tasks to be taken up by each of the actors involved according to their function: citizens, public and private institutions, civil society organisations, as well as the international institutions that play a relevant role in the economy and in the Mozambican society.

## 7.2. Dissemination and Debate

The Agenda 2025 is a document for comprehensive public discussion and should become a reference for the whole society and for future governments. It is not intended to be just another document to file.

In a multi-racial, multi-ethnic and multi-linguistic society such as Mozambique, characterised by different religious opinions, by sharp economic and regional asymmetries, the debate on the vision and strategies will facilitate the promotion of a unifying consensus around the future of the Nation, and therefore the debate should be continued.

Achieving consensus is an exercise that requires a high degree of commitment by the Nation, is a lengthy and complex task. Consensus will never be complete and reaching it will take a considerable amount of time, but the steps already taken in that direction may represent a valuable platform upon which to consolidate the Nation and to social and economic progress.

Mozambicans should not have an attitude of indifference towards this document. In a positive or negative way, the document on the Nation's Vision and Strategies interferes in the lives of all of us. Each Mozambican is invited to associate his/her dream with this great dream of making Mozambique grow, based on the strategic action lines that are proposed.

This exercise facilitates the definition of national priorities for the co-operation partners, encourages them to formulate their support programmes in the areas we, Mozambicans, identified as priority areas.

## 7.3. Main actors and their role through to 2025

The course to the year of 2025 has begun. For the Agenda to be successfully implemented, it should be fully upheld by the whole People. The Agenda 2025 should become a commitment of both citizens and institutions.

The media has a major educational role in this regard, disseminating and publicising contributions and drawing the attention for critical issues.

Entrepreneurs, labourers, farmers, other economic and social agents, students and intellectuals, bear the important responsibility of undertaking efforts to re-launch production and to be successful in the regional and international competition.

It is within this framework that Mozambicans take ownership of Agenda 2025, having for the first time a powerful instrument concerning the future of the Country as a base for making accountable politicians and the various candidates to the Assembly of the Republic or its members. The pro-active dynamics that will ensue will bring much closer the representatives of the people and those who mandated them, strengthening democracy and simultaneously pushing the debate over the national issues, as per the Agenda 2025 proposals.

## 7.4. The Agenda 2025 and Development Planning

By promoting the increased participation of citizens in the public dialogue and policies, and by increasing the quality of such participation, the formulation of a national development plan may reinforce the bases of democracy.

The formulation of a strategy is, too, a learning process for those who participate in it, including the technicians involved in the process. For those working on it, the strategy is largely an experience of learning by doing. All participants leave this process with a new appreciation on the nature of political issues and with a new perspective over the current national political framework and development stage.

## 7.5. Institutional Arrangement

By the importance of the work undertaken and the far-reaching scope of proposals put forward, it is recommended that a similar work be pursued by a specialised institution to follow the implementation of Agenda 2025 - The Nation's Vision and Strategies, and undertake its regular updating.

Such an institution could be a foundation, an institute for strategic and development studies, a non-governmental organisation, or any other type permissible by Law.

Such an organism could have the following characteristics:

- Remain as an institution independent from any type of control of, or subordination to, governments or political parties;
- Continue to relate with all national and international social actors;
- Have financial and patrimonial autonomy;
- Be accurately and professionally managed and its accounts regularly validate by an independent audit entity;
- Specialise in studying and monitoring the main national and world dynamics and trends, and reflect its observations on the whole society;
- Integrate professionals on a permanent basis as an operational and functional Secretariat, under guidance of a Management Board;
- Such a Management Board, which should be non-professional, should incorporate people with proven capacity and experience and should reflect the political, economic, social and cultural complexity of Mozambique, with as much representation from the provinces as possible.

Besides disseminating the "Agenda 2025 - The Nation's Vision and Strategies" and following its implementation and updating, this institution would have the mission of

issuing an annual official opinion on the Agenda's degree of implementation. This opinion should coincide with the beginning of the State budget preparation, and should be disseminated extensively.

Such an assessment should keep a record of lessons learned and propose the review or incorporation of new aspects in the strategic options, whenever deemed appropriate.

This is therefore the recommended design for monitoring the implementation and updating process of Agenda 2025.

The proposed institution would maintain the work method of combining direct consultation of the various actors with research and the free debate on the various themes, undertaking its dissemination to the whole society, according to a process where consensus and participation are valued.

The journey to 2025 should privilege participatory consultation processes. The Agenda 2025 is but one of the first steps, being necessary that the society takes ownership of this initiative, generating citizens' commitment to making Mozambique an *Enterprising and Continuously Successful Country!*

Mozambique, 25 June 2003  
The Committee of Counsellors

# National Anthem

## Pátria Amada

Na memória da África e do Mundo  
Pátria bela dos que ousaram lutar  
Moçambique o teu nome é liberdade  
O Sol de Junho para sempre brilhará

Moçambique nossa terra gloriosa  
Pedra a pedra construindo o novo dia  
Milhões de braços, uma só força  
Ó Pátria amada vamos vencer

Povo unido do Rovuma ao Maputo  
Colhe os frutos do combate pela paz  
Cresce o sonho ondulando na bandeira  
E vai lavrando na certeza do amanhã

Moçambique nossa terra gloriosa  
Pedra a pedra construindo o novo dia  
Milhões de braços, uma só força  
Ó Pátria amada vamos vencer

Flores brotando do chão do teu suor  
Pelos montes, pelos rios, pelo mar  
Nós juramos por ti, ó Moçambique:  
Nenhum tirano nos irá escravizar

Moçambique nossa terra gloriosa  
Pedra a pedra construindo o novo dia  
Milhões de braços, uma só força  
Ó Pátria amada vamos vencer



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# Glossary

Acupuncture -	Therapeutic method using special needles introduced into the subcutaneous tissue, applied in Chinese and Japanese traditional medicine
Antitrust -	Against monopoly. Antitrust laws were passed to prevent the establishment of monopolies and the distortion of market principles and unlawful advantages with unfair competition
Apartheid -	Instituted racial discriminatory system previously in force in South Africa
Break-even -	Expression that indicates the instant when a company achieves the point of investment return
Customary -	Concerning custom, tradition; of, relating to, non-written law, founded by use
Empowerment -	Capacity building in terms of political or economic power; to assign or give power
Endogenous -	Generated internally or by internal factors
Exogenous -	Generated externally or by external factors
Hinterland -	Geographical, political or economic zone in the interior, generally without a direct access to sea
Input -	Resources spent or invested in a given production process and necessary to producing a good; means incorporated in a given product or in a given process
Inter alia -	Latin expression meaning 'among other things'
Internet -	Worldwide communication system facilitating instant communication between different computers and unrestricted access to all types of information
Downstream -	Geography expression meaning the direction of the mouth of a river or stream. Used to indicate something located after a given assumption
Upstream -	Geography expression meaning the direction of the headwaters of a river or stream. Used to indicate something located before a given assumption
Per capita -	Latin expression used to indicate 'per person'
Primacy -	The first place, priority, pre-eminence, superiority, something accepted as a fundamental condition
Synergy -	The multiplying effect achieved with co-operation or by joining efforts
Xenophobia -	Fear of alien things, hatred of strangers
Yoga -	Theistic philosophy originated in India for attaining absolute control over body and mind and achieving union with the universal spirit; system of exercises practised as part of that discipline





# Agenda 2025

The Nation's Vision and Strategies