A *suis generis* case of power-sharing in Mozambique

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The Republic of Mozambique, known as Mozambique, has an extensive coastline of 2,500Km along the Indian Ocean in East Africa. Its borders run from South Africa and Swaziland in the south to Tanzania in the north. In between Malawi, Zimbabwe and Zambia are its inland bordering countries. This geographic position of the country gives it the privilege of being the main corridor for the landlocked countries to access international markets. Mozambique has a tropical climate but is also prone to devastating droughts, floods and tropical cyclones. The country is considered the least elevated in the Southern African region and has its most fertile areas in the coast and in the west, where the Zambezi River is dammed at Cahora Bassa.
Mozambique became independent in 1975. According to the World Bank Country Economic Memorandum for 2001, immediately after independence the country was plunged into a deep recession due to several factors, namely the mass exodus of the Portuguese settlers, the laying off by South Africa of Mozambican mine workers and climatic shocks such as the heavy rains in 1977 and 1978 followed by drought in 1982. This recession brought much of the population to the edge of starvation. The government response to this crisis was to nationalize most of the companies that had been abandoned by the Portuguese, installing managerial teams available at the time, mostly young and unprepared to undertake such a challenge. By the mid-1980’s the government realized that its attempt at central planning and the strategy of achieving growth through the state-owned sector had failed. In addition and as result of the precarious situation, civil war between Frelimo and Renamo broke out paralyzing the economy. As a Consequence of the war and the fall of Berlin Wall in late 80’s, the government took the decision to switch to a market oriented economy. The intensity of violence and its impact to the state and people, forced the main parties to negotiate, first to end the war and, second, to promote reconciliation, democracy and development. With substantial external financial and technical assistance, Mozambique started a program of reconstruction and economic reform that begun in 1987 (World Bank 2001, p.1).

These papers will discuss the political and economic issues rising from the end of the war between the two main forces Frelimo and Renamo, including the way the country is following to preserve this peace while developing the country. The first paper will discuss if there was or not a power-sharing deal in Mozambique. The second will discuss the participatory governance and service delivery in the post-war context and finally, the third paper will show the economic agenda and performance post-war in Mozambique.
Theme 1: Power Sharing in Mozambique

Introduction

Mozambique has in its political history two transitions from war to peace. The first one (1974-1975) was in the context of the struggle for independence from Portuguese colonial regime. The second and last (1992-1994) was in the context of internal and external war of destabilization.

The first transition was peaceful but not successful enough to avoid the outbreak of the war of destabilization soon after the independence, in 1976 while the second transition is largely considered peaceful and successful by internal and international actors. This transition marked a transformation of a long Mozambique history of “culture of political violence” into politics based on culture of peace and democracy. The reason for this peaceful and successful transition is a complex combination of internal and external features for the most part explored academically.

However, there is one issue that rarely appears in the debate, the question of power-sharing\(^1\). In this context, this study constitutes a way to bring up the issue of power-sharing in an attempt to systematize the scarce and disperse material within the Mozambique transitions from war to peace. Thus, study power-sharing is pertinent for Mozambicans to understand to what extent it played a positive contribution to the peaceful and successful transition from war to peace. It is, also, important for other conflict or post conflict situations as an experience that can serve as example.

In Mozambique historical panorama of transitions from war to peace, there are no formal evidences of power-sharing because the peace agreements did not contemplate it explicitly. In addition, there is not history of inclusive government such as government of national unity (and reconciliation) in Mozambique. These are, probably, some reasons

\(^1\) In terms of literature, the majority of what exist was written by foreigners who paid less or no attention on power-sharing. Much focus was given to the causes of the wars, its intensity and the negotiation process for peace.
why the question of power-sharing rarely appears in the debate of Mozambique transitions from war to peace.

Though, the present study argues that formally, in Mozambique transitions from war to peace had no power-sharing. But, in fact, the implementation of the peace agreements power-sharing occurred and it was in non political level; and this non political dimension of power-sharing contributed to the peaceful transition from war to peace in Mozambique. Therefore, this is a *suis generis* and not consensual case of power-sharing that reflects the different meanings of different approaches about the subject. On one hand there is a traditional or classic approach which is highly focused in the political sphere and gives less or any attention to other spheres like, for instance, economic or military. On the other hand, there is an approach which is an attempt to enlarge the concept of power-sharing to encase non political dimensions. This is the approach that supports the argument of this study.

**Objectives of the study**

- To identify and describe signs of power-sharing in the history of Mozambique transitions from war to peace; and
- To analyze the contribution of the power-sharing for the peaceful transition from the war to the peace and peace-building in Mozambique.

The study is centered on the second transition, after the end of the war of destabilization, particularly from 1992, the year of the signing of the GPA to 1994, when Mozambique hold its first multiparty election. But this time frame was not strictly closed because it was indispensable to go back to the past to come up with a brief historical background of Mozambican reality of violent conflicts to try to find and analyze the signs of power-sharing.

**Methodology of the study**
• Literature review; interviews which still be done; constitute the techniques used to obtain the data. and
• Qualitative method to analyze the data.

**Structure of the study**

This study has four points. The first point is an overview about what power-sharing is to encase this study. In this point, the main feature presented is the two approaches on what power-sharing is, namely restrict and wider approach. The second point of this study presents a brief historical background of wars (for liberation and destabilization) and its subsequent transitions to peace. Here, the key aspect is the description about parts and causes of the wars and, above all, the signs of power-sharing within the conflicts or in the transition processes.

The third point explores the nature of power-sharing in Mozambique, focusing the post war of destabilization. In this context, it presents the facet of the non traditional power-sharing in Mozambique. The fourth and last point is about the impact of the non traditional power-sharing for the peace and successful transition from war to peace. Thus, the most important aspect here is to see to what extent power-sharing constituted a solution to end the war and to create conditions conducive to reconciliation.

Lastly, the study ends with final considerations which restate the main hypothesis related to the nature of power-sharing in Mozambique history of peaceful transitions from war to peace.
1. What power-sharing is?

Power-sharing is seen as a formula to ensure peaceful transition and reconciliation, especially in complex and multi-ethnic societies divided and devastated by war. But, it is matter of great and not consensual debate in the academia and in the political sphere.

According to Jarstad (2006: 3), theoretically, power-sharing debates in the context of divided societies typically depart from one of two approaches of research: conflict management theory or democratic theory. The conflict management approach, which includes writings of Donald Rothchild, refers that the function of power-sharing is to end war by including warring parties in a government. In the democratic theory, in which Arend Lijphart is the mainstream, the function of power-sharing is to build democracy with great emphasis on democratic representation and elections. Despite the difference between conflict management theory and democratic theory, both approaches have in common the emphasis in the political sphere and the belief on joint government as an important feature in power-sharing\(^2\).

Thus, power-sharing is seen as a share of positions in the government at national level and it is expressed in political agreements that define forms of joint government. In this context, many authors believe that inclusive government can be a way to transform a relationship of enemies to partners “but only as a short-term measure or mitigation for belligerent parties to put their house in order” (Nkabahona, 2008) and, above all, to avoid the re-eruption of war in multinational states. For Nkabahona, the time limit for the power-sharing solution is very important otherwise it will be a threat to democracy. This is a restrict approach that has, probably, its fundaments in the fact that war is, generally, seen as a political conflict, a conflict over political power. This is consistent with the

\(^2\) It means, at some extent, a restriction on the basic democratic idea of majority rule and, above all, suppression of main political opposition to the ruling government.
restrict definition of power related to *realpolitik*, political sphere, the sphere of government.

However, power is not restrict to the political sphere. It encompasses, also, non political spheres such as economic and military power. Therefore, the power-sharing debate must not be apart of this wide approach of power that is the one which support the argument of Mozambique case.

However, the existence of joint government, as a result of formal political agreement, is not an indispensable condition to have power-sharing. It means that power-sharing is not limited to the political dimension and can include any type of institutions dividing or sharing political, economic, territorial and military power (Jarstad, 2006:7) even without an expressive formal agreement. This wide perspective is very important to avoid inter-group conflicts, mainly in ethnic unstable and divided societies like Nigeria, Sudan and Rwanda, pointed out by R. T. Akinyele (2000). In this context, this wide perspective underlines the inclusiveness of power-sharing as a mechanism of conflict management and concentrates much attention in conflict with high ethnic dimensions.

According to Lake and Rotchild (1996:49) quoted by R.T. Akinyele (2000: 217-218), “stable ethnic relations are contingent on a “contract” that specifies, among other things, rights and responsibilities, privilege and access to resources of each group”. It is seen as a form of prevent one ethnic group from setting government policy unilaterally; secondly avoid minority control over critical resources as with white minorities in South Africa or Chinese in Malaysia; and thirdly, as found in Croatia before breakup of Yugoslavia, create a maintenance of ethnic balance within the military or police forces to guarantee that one group will not be able to use overwhelming organized violence against other

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3 From legal perspective, to consider the existence of war it was indispensable a formal declaration of war. However, in nowadays, there are a lot of wars that outbroke without any formal declaration of war for diverse reasons. Despite this situation, in practice, the evidences of the existence of war were undeniable. The same happens with the power-sharing in which the formal agreement is neglected, mainly for political reasons but, in fact the evidences of power-sharing in political and non political domains are also undeniable.
(Akinyele, 2000: 218). In this context, power-sharing can, also, be seen at institutional level over control of resources and the share of monopoly of the instruments of coercion. For Barma (2006:136), “power-sharing literature for the most part centers on the need to provide institutional guarantees and protections to ethnically fragmented, indeed, multinational states” in a long-term approach, without time limit. This viewpoint of the wide perspective reveals that, in one hand, power-sharing doesn’t have its limits on government of national unity and/ or reconciliation. Thus, power-sharing is a formula to give power to the powerless in all domains of social life. Not only in the political sphere. It brings up, for instance, the concept of economic power-sharing. On the other hand, it shows that power-sharing can be functional simultaneously for peace and for democracy considering the specific context because it is, likewise, important to encompass other identities that represents potential for power-sharing. Thus, it is pertinent to pay attention on social base of the political actors in order to appreciate, the potential for power-sharing, according to Philip Oxhorn. However, the actors involved in power-sharing must not be only political parties. Social groups without political agendas may, also, claim some power of influence in policy making and decision making processes in order to assure that their interests are taken into consideration.

The wide perspective of power-sharing must not be seen without criticism. This perspective will, always, be challenged by the strict and conservative definition of power-sharing related to political sphere, the sphere of government. Moreover, the wide perspective can, at some extent, make fragile the essence of power-sharing. However, is pertinent to stress that the debate on power-sharing must not be apart of the wide approach. Furthermore, the wide perspective is constructive because enlarge the debate and to look at some non political aspects which the restrict perspective of power-sharing is not powerful enough to explain.

1.1 What power-sharing is about in Mozambique?

In Mozambique, since its formation, in 1962, FRELIMO was affected by the problem of tribalism that even resulted in splits “that took regional dimensions – the rest versus the
south” (Weinstein and Francisco, 2005: 161). Thus, FRELIMO paid attention and did a strong effort to fight against tribalism in order to avoid divisions that could jeopardize the objectives of the armed struggle in order to achieve the independence from Portuguese colonial regime. As a result, FRELIMO made strong discourses appealing for national unity and implemented some measures that ignored and, sometimes, sacrificed particular identities (in a multinational, multicultural state) to privilege the building of collective identity, the Mozambican identity. For instance, the discourses highlighted a vision of a state where “there are no whites, half-cast, blacks, Indians. There are only Mozambicans” (Cahen, 1996:23). The definition of Portuguese, the language of the former colonizer, as national language in the first Constitution of the state and the carrying out of national cultural festivities are, likewise, examples of actions done by FRELIMO in order to privilege the national identity which continues to be on top of political objectives of the state up to date.

The discourses and measures produced successful results at a point that in Mozambique, the ethnic dimension in the wars came up. Though it was not highly expressive, in part, due to the fact that, “FRELIMO sought, as part of its central mission, to build a deep sense of national unity among the ethnically and linguistically diverse population” (Weinstein and Francisco, 2005: 161). In this context, the FRELIMO’s efforts contributed to guarantee, first its internal cohesion, secondly to safeguard the national sovereignty, third and, above all, the state existence. Therefore, the debate on power-sharing in Mozambique can not be seen in the context of wars in ethnically fragmented states.

With regard to social base of the political actors to appreciate the potential for power-sharing, it is difficult to encase Mozambique reality where the politics was for so long dominated by Frelimo, a movement before the independence from Portugal colonial regime and party-state, after the conquest of the self-determination of the people. This

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4 This situation can be explained by the fact that FRELIMO is the output of fusion of three nationalist movements (UDENAMO - União Democrática Nacional de Moçambique, UNAMI - União Nacional Africana de Moçambique Independente and MANU - Mozambique African National Union) all created on regional basis.
long predominance prevailed from 1962, year of the creation of Frelimo, up to 1990, year of constitutional introduction of multiparty system in Mozambique. During this period the social base of Frelimo was constituted by workers and peasants strongly mentioned in the euphoric official discourses of post independent country. This social base is a consequence of FRELIMO’s internal contradiction about the political and economic orientation which gave birth to two lines, revolutionary and reactionary. The revolutionaries advocated for a total change of the colonial structure after achievement of the independence to build a new society based on principles of collectivism while the reactionaries were against the collectivism and defended a post independence society oriented by liberal philosophy (Abrahamsson and Nielson, 1994:34-35). In this contradiction, the revolutionary orientation won predominance, controlled the political and military power and constructed a Socialist oriented State.

However, after 1990 the workers and peasants lost the privileged space in the Frelimo’s official discourse. In this context, the legitimacy of Frelimo is much based on the charisma of their leaders, historical achievements and less in their social base. In regard to Renamo, despite the predominance of an ethnic group in its leadership the support was much influenced by the rest versus the south dynamic. This dynamic was based on the allegations that Frelimo was dominated by south natives who excluded the rest. However, Frelimo has, always, demonstrated that its leadership was inclusive based on national unity vision. These entire context was powerful to make unsuccessful the use/politization of ethnic identity. But it wasn’t enough to avoid the eruption of a war.

In Mozambique, the end of its two wars (in 1974 and in 1992) was defined in Peace Agreements (Lusaka Accords and General Peace Agreement) but it did not establish explicitly the word power-sharing. However, some aspects related to the implementation of the Peace Agreements demonstrate that a sort of informal power-sharing occurred. In 1974, this *suis generis* informal power-sharing occurred in political and non political domains and in 1992 it happened only in non political domains. Therefore, the study of power-sharing in Mozambique encase in the broad perspective that is not restricted to the political realm. Therefore, the wide perspective is the one which support the argument of
Mozambique case. But, to see this reality is relevant to go back to the history of the Mozambique wars.

2. Brief historical background of Mozambique reality of wars and power-sharing

Mozambique was born and grew through long and severe wars. 10 years of war for the liberation and 16 years of war of destabilization. Both cases are considered wars ended “without winners and losers” and were followed by successful processes of transitions from war to peace. This legacy makes Mozambique a legitimate example of peaceful transition from war to peace in which power-sharing entered subtly into the debates considering the perspectives of conflict management theory and democratic theory.

2.1 The war for liberation

The war of liberation occurred among Portuguese colonial regime and the FRELIMO, from 1964 to 1974. This war occurred in the context of cold war, international criticism, condemnation of fascist regimes and international pressure for decolonization. Portugal was, at that time, fascist and refused a peaceful process of independence of Mozambique and other colonies. In this context, FRELIMO initiated the war for liberation and benefited a great aid from socialist east bloc, but also from some interest groups and governments of capitalist western countries. FRELIMO had also the aid of people and government of African countries except from South African Apartheid regime and racist regime of South Rhodesia, both Portuguese allies. Portugal had, also, aid from capitalist western bloc, allegedly, for its membership in North Atlantic Treaty Organization (NATO).

Thus, the power relations between Portuguese colonial regime and the FRELIMO were highly influenced by international, regional and local dynamics in political and military realms. Politically, Portugal has seen its international legitimacy and power of influence
reduced due to the global condemnation of its fascist regime and the refusal to give the independence to its colonies. In this context, the war for liberation and FRELIMO gained international legitimacy and sow its power of influence increase even in the Portuguese public opinion, in Portugal.

Militarily, the war was painful and tiring for both parties but mainly for Portugal because, at that time, was facing, simultaneously, other wars in its colonies, namely Guinea Bissau and Angola. In this context, the colonial wars brought social and political contestations in Portuguese society that lead to a military coup, on April 1974 that ended the fascism and imposed deep transformations toward a liberal democracy. The transformation contributed positively to openness of Portugal toward negotiated solution to end the war and acceptance of independence of Mozambique. Thus, three main conversations and/or negotiation rounds held in Dar-Es-Salaam, Tanzania and Lusaka, Zambia, in 1974 produced the Lusaka Accords.

The Lusaka Accords were secretly produced and up to date are not openly discussed, mainly the economic and financial domain of the negotiations. However, the political sphere of the accords is open issue that strong-minded the formal cease-fire and the end of the war of liberation determined the date of independence and the conditions of transferring the power from Portugal to FRELIMO as the only and legitimate representative of the Mozambican people (Lusaka Accords, 1974).

2.1.1 The Lusaka Accords and Power-sharing

In order to guarantee the transferring of power from Portugal to FRELIMO, the Lusaka Accords defined governmental and military structures for a transitional period, from the signing of the accord in September 7 1974 up to the proclamation of independence of Mozambique on June 25 1975. In this context, was created a government of transition and a Joint Military Commission in which both parties were represented.

The government of transition was composed by nine ministries lead by one Prime Minister from FRELIMO, according to the Lusaka Accords. 2/3 of the ministries come from FRELIMO and 1/3 of cabinets were Portuguese representatives (Muiuane, 2006:
This is a unique case in which former colonial power were included in a government of transition led by a liberation movement, FRELIMO. However, this unique and non traditional power-sharing was not the only option to reach the end of the war for liberation and, consequently, the end of colonialism.

On one hand, as the war was intense and, allegedly, in favor of FRELIMO, the total capitulation of the Portuguese colonial regime was another strong option to end the war in Mozambique. And, according to Stiff (2001:91), FRELIMO “expected the independence process to be phased over two to three years to give them the opportunity to learn what governing is about. Instead, the Portuguese insisted on a total capitulation as they wanted to get out of Mozambique as soon as possible” (Stiff, 2001:91). Though, this position is contradictory looking at the Portuguese intention to establish in Mozambique an administration named “Junta Governativa” which would have been led by Major Melo Antunes before the military coup. Moreover, for FRELIMO, the achievement of the independence of Mozambique should not have taken so long due to the intensity of the war and the legitimacy of the claim.

On the other hand, referendum, election, transitional administration by United Nations was, allegedly, other options on the table before signing Lusaka Accords. But the government of transition led by FRELIMO was the final agreed option established. This option worked out peacefully and successfully, although it is criticized because the government of transition was not inclusive to other Mozambican nationalist movements which FRELIMO considered instruments of colonial regime.

In the military sphere, the Joint Military Commission was established. In terms of composition, it was equally represented by both parties, Portuguese and FRELIMO military authorities. Portuguese and FRELIMO militaries had operated side by side to

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5 In terms of cabinets the Lusaka Accords established the Ministry of Home affairs, justice, economic coordination, industry and culture, communications and transports, health and social issues. This government should have included Secretaries and sub-secretaries, according to Lusaka Accords.

6 In the Newspaper Noticias of September 5 1974.
assure the implementation of the cease-fire and to defend the territorial integrity of the country.

Despite of the nature of sharing of cabinets in the government of transition Rui Baltazar dos Santos Alves, Jacinto Veloso and Fernando Gonçalves do not consider this situation power-sharing. Dos Santos Alves and Veloso argue that the simple shared composition of the government of transition is not condition enough to consider the case as power-sharing. Moreover, the Portuguese representatives in the government of transition were minority, without effective power and, some of them, became Mozambicans. Therefore, for Dos Santos Alves and Veloso, the government of transition was a government of FRELIMO based in the Lusaka Accords that, at some extent, express the victory of the war for liberation led by FRELIMO. For Gonçalves, power-sharing aims to empower the powerless. But, in the case of the government of transition, it was a “government to take care”, an administrative arrangement to eliminate gradually the colonial power in Mozambique and confirm the victory of FRELIMO.

However, all these positions must not be taken without criticism because the Portuguese ministries had some autonomy in terms of decision making process which should not be against the objectives of the government of transition. Furthermore, the Lusaka Accords gave power of command and coordination to Portuguese authority, the High Commissioner, assisted by the Prime Minister, in case of serious disturbs of public order that required the intervention of the armed forces during the transition period which consisted of transferring of power. Therefore, in the implementation of the transferring of power from Portuguese colonial regime to FRELIMO occurred a situation which can be considered *suis generis* and “informal power-sharing”.

After Lusaka Accords and during the transition period of informal power-sharing, some unhappy Portuguese manifested violently against the trend of independence of Mozambique but it was not enough to prevent the transferring of power from Portugal to

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7 Rui Baltazer dos Santos Alves, interviewed in July 18 2009, is the Minister of Justice in the Government of Transition and former President of Constitutional Council of Mozambique. Jacinto Veloso, interviewed in July 29 2009, is former Portuguese military who abandoned to join FRELIMO. Veloso was member of Joint Military Commission representing FRELIMO. Fernando Gonçalves, interviewed in September 01 2009, is Editor of one of main independent newspapers, “Savana” and political analyst.
FRELIMO. Thus, in June 25 1975, a new independent state and socialist oriented national government had born in Mozambique. In this context, after the declaration of independence of Mozambique, the informal power-sharing between Frelimo and Portuguese administration ended successfully and revealed its transitional character.

The reasons for the successful informal power-sharing and peaceful transition were the clear objectives defined by Portuguese authority and FRELIMO, there had no ambiguities; strong political will According associated to the external environment that was not favorable to Portugal at extent that the independence of its colonies, particularly Mozambique was irreversible; and the hegemony of FRELIMO, according to Rui Baltazar dos Santos Alves and Jacinto Veloso. However, the peaceful transition was not powerful enough to avoid a new complex war of destabilization in Mozambique that prolonged for 16 long years.

2.2 The war of destabilization

The war of destabilization in Mozambique occurred, soon after the independence, in the context of cold war and international condemnation of racist and minority regimes of South Rhodesia (today Zimbabwe) and Apartheid, in South Africa, where some Portuguese, unhappy with the new status quo in Mozambique, had taken refuge. These two countries have a long territorial contiguity with Mozambique which, at that time, was a socialist oriented country with a foreign policy that demonstrated openly its opposition to the ruling governments in Rhodesia and South Africa.

Thus, based in the Constitution of 1975, Mozambique expressed explicitly its solidarity and aided politically, diplomatically and militarily movements of liberation in order to carry on the struggle against the racist regimes, colonialism and imperialism. In this context, Mozambique has implemented United Nations sanctions, closing the common border and the access of South Rhodesia to the sea. Mozambique had, also, offered safeguard territory for the struggle and political asylum to combatants of liberation movements from South Rhodesia and South Africa, namely Zimbabwe African National
Unity (ZANU) and African National Congress (ANC). This Mozambican commitment to the struggle against the colonialism and imperialism included, also, sending some troops to fight in the battle field in South Rhodesia. All this Mozambican actions represented a threat to survival of both minority regimes, Apartheid and South Rhodesia. In this context, to face the threat, the security services from Rhodesia, the Central Intelligence Organization (CIO), with, allegedly, involvement of some former Portuguese colonizers in Mozambique, invested financial resources and logistic to create and develop a Mozambican insurgency, Mozambican National Resistance (MNR), later RENAMO, to act “as eyes and hears for CIO in Mozambique” (Flower, 1987: xvii). Furthermore, Rhodesian troops have developed direct military attacks against Mozambique.

Therefore, the outbreak and conduct of the war in Mozambique was driven by external interests due to Mozambique “provocative” foreign policy but for legitimate cause, the struggle against colonialism and imperialism. This is the reason why the successful transition from war for liberation to peace in a new Mozambique independent state was not able to prevent the outbreak of the war of destabilization. However, it is important to refer that it doesn’t mean that the war in Mozambique have no internal causes.

The internal causes include policy and anti-popular practices that consisted, for instance, in nationalization of property, repression by the state police in order to ensure the affirmation of authority in urban and rural areas, marginalization of spiritual faith institutions and exclusion of local authorities (Pavia, 2000: 25-29) as well as ethnic tensions. However, is important to underline that RENAMO neither the government was organized along polarized ethnic or linguistic lines (Weinstein and Francisco, 2005: 179) despite the prominence of some ethnic groups in the leadership of both parties. This is consequence of strong Frelimo’s campaign against tribalism since its creation.

Additionally, Weinstein and Francisco (2005: 161), consider that the illegalization of political opposition, by Frelimo, to guarantee full political power for themselves and assure the opportunity to set the future direction of entire country is also seen as internal cause for the outbreak of the war. However, for some authors, these aspects do not
constitute the real causes of the war. These constitute aspects that contributed to increase the feeling of anti-Frelimo initially created by minority and racist regime of South Rhodesia. So, the real causes of the war of destabilization still be considered external.

After the disappearance of South Rhodesia through the independence of Zimbabwe, in 1980, RENAMO lost its support, but it did not meant its death or the end of the war in Mozambique. The Apartheid regime intervened and took the responsibility of survival of RENAMO, designated by the Frelimo’s Government propaganda as armed bandits, which became part of the instruments of South African regional policy of destabilization against its neighbor countries, particularly Mozambique. In this context, the conduct of the war in Mozambique was, once again, driven by external interests, the interests of the South Africa Apartheid regime.

Though, RENAMO denies these arguments and defend the thesis that its war was a war self-driven for democratization, position, vehemently, refused by Frelimo. These divergent arguments have political significance and influenced the way the parties of the war in Mozambique were defined. Thus, to accept the argument of war for democratization means to give legitimacy to RENAMO’s war, on one hand. On the other hand, the designation of the war as a war of destabilization has its legitimacy but is, also, seen as a strategy that the Government lead by Frelimo used to refuse to recognize RENAMO (armed bandits) openly and formally as a party of the war. Furthermore, Frelimo believed that its enemy was the Apartheid regime. This believes was insistently presented by official authorities and helped to delegitimize RENAMO. In this context, for the Government of Frelimo, the end of Apartheid would lead to the end of RENAMO

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8 According to Geldenhuys, the first and most important aim of South African regional foreign policy was to force neighboring countries to prevent the ANC or South West African People’s Organization (SWAPO) establishing military or political facilities. The second objective reflecting the “total onslaught”, was to make sure that, in his words, “Soviet bloc powers do not gain a political and least of all a military foothold in Southern African States”. A further aim was to ensure that existing economic ties with the States in the region are maintained and indeed strengthened. This would ensure the political acquiescence of these states to Apartheid and prevent then from supporting moves to impose sanctions against South Africa. Finally, the Botha regime wished to ensure that Southern African countries “moderated” their political criticism of Apartheid” (Cawthra, 1986:140/141). Therefore, destabilization is a political, economic and military instrument of Apartheid regional foreign policy. But for its implementation was determinant the Apartheid war machine that, most of the time de-authorized the politicians supporting rebel movements and, also, making direct military attacks in Mozambican and other countries in Southern Africa.
and, also, the end of the war of destabilization supported by the heavy South African war machine.

Therefore, after the serious increase of the threat imposed by Apartheid war machine and its policy of destabilization, the government of Mozambique initiated negotiations with the Apartheid regime that culminated with the signing of the Accord of Nkomati, in March 1984. This Accord, also, named Accord of Good Neighborhood and Non Aggression aimed on Apartheid regime side to stop the Mozambique support to ANC. For Mozambique, Accord of Nkomati was a matter of national interest aimed primarily to stop the South Africa direct military attacks and safeguard the independence and sovereignty, according to Veloso (2006:176) ⁹.

Though, after the signing of the Accord of Nkomati the war intensified in South Africa, in one hand. On the other hand, RENAMO did not die and the war also intensified in Mozambique. Moreover, RENAMO extended the war for all over the country causing hundred and thousand of deaths and destruction of social and economic infrastructures estimated in 15 billions dollars according to 1989 UN report on Mozambique quoted by Abrahamsson and Nilsson (1994:176). According to this report the 15 billions corresponded to 20 years of international aid or more than 100 years of revenues of Mozambique exports at the level of 1989 (Abrahamsson and Nilsson, 1994:176). At this time, Mozambique was considered the poorest country of the world.

As a result of the escalation of the war, the power relations among the government and RENAMO changed drastically in favor of RENAMO in military terms due to its guerrilla strategy that facilitated military attacks even in the periphery of Maputo, the capital of the country. According to Rodrigues (2006:27), in the battle field, RENAMO was military

⁹ The Accord of Nkomati forced South Africa and Mozambique to prevent the use of their territories as basis for political violence against each country. In this context, some ANC members were forced to move from Mozambique to other countries, for instance Zambia and Tanzania. Thus, the Accord of Nkomati was seen by some African governments, some African leaders and even some ANC members as treason of Mozambique to the struggle against the Apartheid regime. But for some other ANC leaders quoted by Veloso (2006:178), the Accord of Nkomati had a strategic objective of ensuring the survival of Frelimo in power, in order to guarantee the continuous support for ANC.
much stronger than the government troops and, for instance, in 1986 it took control of 13 of Zambézia’s 18 districts. This situation created in the military intelligence, in Maputo, a fear that RENAMO would march into Quelimane, the capital of Zambézia, and split the country into two parts (Rodrigues, 2006; Weinstein and Francisco, 2005)\(^{10}\). In this context, Renamo has built a territorial base of support instead of social base. This territorial base is, allegedly, concentrated in the central provinces of the country where the war of destabilization has initiated.

The central part of the country comprises Zambézia, which Chichava (2008) considers “rebel province” which after the introduction of multiparty system has, always, voted for Renamo, Sofala where was located headquarter of RENAMO, Manica which is the border Province with former Rhodesia, the creator of RENAMO and Tete for unclear reasons. Frelimo has had a social base on peasantry during the struggle for independence and the time of prevalence of Popular Democratic State. But this social base was not apart of the territorial dimension of the political processes. In this context, Frelimo has, allegedly, its territorial base in the south which always assumed the predominance of the leadership of the party and the State and the north of the country where the struggle for liberation initiated. Gaza, a Province in the south and Cabo Delgado in the north are expressive examples of territorial support of Frelimo. Though, the vision of territorial support instead of social base must not be taken without criticism due to the successful approach of national unity discourse and actions implemented by Frelimo.

Politically, the scenario, at national and international level, was much favored to the Frelimo and its government than RENAMO practically weak, according to Rodrigues (2006:27). At this time, the atrocities attributed to RENAMO documented and wide spread by Grozny Report demonized the insurgency internationally and contributed to diminish its support. The intensification of the weight of the sanctions against Apartheid regime contributed, likewise, to the reduction of financial and logistical support to

\(^{10}\) RENAMO has controlled people of some parts of the country, mainly in the villages, rural areas while the government dominated in the urban areas. According to Vines (1996: 75), RENAMO claimed control between 80-85 per cent of the country and describe the territory under its control as “liberated zone”. This figure can be exaggerated and the government denied them. However, the government did not present its counter arguments and evidences.
RENAMO. In turn, the government of Mozambique has seen its legitimacy increase internationally through its openness to the west liberal countries, mainly with conservative government such as Margaret Tacher and Ronald Reagan, in United Kingdom (UK) and United States of America (USA), respectively. For instance, the government profited the good relationship between President Samora Machel and Margaret Tacher due to the involvement of Mozambique in the negotiations for the independence of Zimbabwe, in Lancaster House. In 1985, President Machel made an official working visit to the USA, where he met President Reagan.

In the environment of international openness, Mozambique entered to the Bretton Woods institutions in 1985. In 1986, Mozambique started to implement a structural adjustment program that marked the introduction of the country into the market economy philosophy. And, politically, in 1990, the People’s Assembly of Mozambique approved a new constitution that ended formally the socialist oriented ideology of the country and introduced the multiparty democracy while the war was in progress. For some authors, this entire situation of increasing legitimacy of the Government undermined the RENAMO, weakened its arguments for the war and forced the rebel movement to go to the table of negotiations in Rome.

However, the reduction of Soviet military support to the government of Mozambique associated to the end of cold war and the deterioration of social and economic condition of the population have, also, contributed to force the government to go to the negotiations. Thus, according to Lala (2001: 62), the option of negotiation was a result of the fact that the government and RENAMO “reached to a situation of exhaustion of resources as the supporters from cold war period vanished and the regional situation changed with the fall of the Apartheid regime. Domestically, people demonstrated a general tiredness of war and massive desertions occurred from both parties military forces, as well as there was a lack of legitimacy from both parties to continue the war”.

2.2.1 The end of the war of destabilization and the issue of power-sharing
The issue of power-sharing entered, subtly, into the debate of solutions to end the war of destabilization under the “mediation” of Apartheid regime, in October 1984, after the signing of Nkomati Accord. At this time, the conversations, not necessarily negotiation, between the Government of Frelimo and RENAMO occurred indirectly. In this context, it meant, at some extent, acknowledgement of RENAMO as a relevant party in the efforts to end the war that included controversial and problematic intentions of power-sharing solution.

Thus, the intentions of power-sharing can be seen in the proposal of former RENAMO’s Secretary General, Evo Fernandes, who rejected the amnesty offered by the government of Frelimo and reiterated “RENAMO’s demands for a government of national reconciliation, multi-party system and cabinet posts that included portfolios of Prime Minister, Minister of defense, Finance and Transport in return to peace and “accepting” Samora Machel as a President, according to Vines (1996: 21-22). Veloso (2006:182-84), also refers to the demand of Evo Fernandes for government of national reconciliation “or general elections because RENAMO had confidence on its victory”.

Some proposals of power-sharing as a solution to end the war came, also, from individual Portuguese interests, some of them, allegedly, associated to RENAMO due to its dissatisfaction with Frelimo which nationalized former colonial properties. According to Mario (2004: 83-84), “Manuel Bulhosa, considered by Mozambique and South Africa counter-intelligences as one of the most important financial supporter of RENAMO, presented a proposal of negotiations in which suggested a transformation of Mozambique from unitary to federal state, with large regional autonomies and with a power-sharing between Frelimo and RENAMO founded in local bases. According to this hypothesis, at the time completely rejected, even by Portuguese liberal sectors, the districts and provinces (of Mozambique) would have been divided in accordance to the predominance of people of RENAMO and of Frelimo”\textsuperscript{11}. In this context, the proposal of power-sharing

\textsuperscript{11} The idea of federal state was, also, proposed by some Mozambican political parties, after the end of the war, but it faced a rigid opposition of those who defend the unitary state philosophy. According to Brito and Weimer (1993: 15), those who defend the unitary state consider the federal state an unrealistic proposal due to its dangers to the national unity that could have contributed to creation of internal conflicts and even
is not merely restricted to the distribution of portfolios in the government. It takes in a division of territory and separation of people considering identity features despite the recognition that this is not the real problem that caused the war.

However, there are some indications that the intentions of power-sharing from RENAMO’s Secretary General were never in accordance with its military leadership and had negative response from Frelimo’s government which hold the power. The RENAMO military leadership, advised by its ally, South Africa Apartheid regime, envisaged a possible incorporation or submission to the Frelimo structure and, consequently, its disappearance. Therefore, the RENAMO’s intentions for power-sharing expressed by its Secretary General failed and, later on, during the negotiations in Rome, power-sharing was not on the interests of RENAMO neither the government of Frelimo because both actors were confident on the victory of the elections defined for the post war period.

The conviction of RENAMO on its victory was based on its, alleged, dominance and support in rural areas on the contrary of the predominance of Frelimo in the urban areas, where is the minority of the population in terms and number and, consequently, potential voters. RENAMO, also, believed, in a high popular anti-Frelimo feeling due to its repressive post-colonial policies. On the contrary, the certainty of Frelimo on its victory was based, first on its position as a government and, second, on the high popular anti-RENAMO feeling due to its atrocities, massacres and terror that were explored through an intensive propaganda. Thus, the government of Frelimo “refused the appeals of Western diplomats for power-sharing arrangement with RENAMO and remained firm in his insistence on majority-party rule after fair elections” (Rothchild, 1999:329).

separatist tendencies… however, they recognized that should have been done an effort to respect the ethnic and cultural differences of the country accepting that some governors of the Provinces could be elected by local population, without the need to create a federal state. On the contrary, those who defend the federalism (fundamentally, each current Province would become a state) underlined that this tendency resulted precisely from the centralized and discriminatory action of Frelimo and, in these circumstances, it is the best way to dignify and save the different cultures and traditions of the country, which are at risk of disappearance.

12 This contribute, likewise, to sustain the argument of territorial base of Renamo and Frelimo instead of social base.
Therefore, RENAMO and Government expressed their reluctance to accept the idea of power-sharing. The parties have, even, refused the advice or pressure from their allies and international community when the negotiations raised strong impasses. It created on the national and the international public opinion fears of failure of the Rome peace process. Furthermore, negative external developments, mainly the Angola’s failure in its transition from war to peace, in 1992, while Mozambique negotiation process was on way contributed to increase the fears of collapse and to intensify the pressure for power-sharing. However, the reluctance of RENAMO and Government has resisted to the international pressure at the point that the General Peace Agreement was signed in October 1992 without contemplate any political power-sharing solution. Therefore, the war ended without any formal agreement of power-sharing. But, in fact, during the implementation of the GPA, a non traditional power-sharing occurred in non political sphere.

3. **The nature of the power sharing in the context of the end of the war of destabilization**

In the history of Mozambique, 1992 – 1994 (from signing of GPA to the holding of the first multi-party elections) represents a period of transition from war to peace. Moreover, this period symbolize the end of the “culture of violence” and the beginning of the “culture of peace”, promotion of reconciliation, development and multi-party democracy.

Thus, Mozambique conducted its first multi-party election under the electoral law, approved in December 1993, which established the principle of “winner takes it all”. This principle reinforced the formal reluctance of government of Frelimo and of Renamo to share the political power due to their conviction of victory in elections. However these former belligerents implemented a power-sharing solution at the level of technical specialized institutions, at some extent defined in the GPA. In this context, Renamo and the government shared power in crucial institutions with great impact on political process namely the National Electoral Commission (CNE), the Technical Secretariat of Electoral Administration (STAE). Renamo and the government also shared power in the
Mozambican Defense Forces (FADM) and through a *suis generis* decision of allow a political party to have armed men out of control of state apparatus\(^\text{13}\).

Therefore, it is a non traditional power-sharing, which enclose in the wide perspective of the theoretical debate. Moreover, this nature of power-sharing, at some extent, reduced successfully the weight of the reluctance to share power politically and contributed to ensure the peaceful transition from war to peace and reconciliation in Mozambique because was helpful to diminish the mistrust and build confidence, mainly between the former belligerents.

### 3.1 Power-sharing in the National Electoral Commission

The National Electoral Commission was created under the auspices of the GPA for management and organization of the electoral process. This commission should, in principle, be technical, apolitical institution created by the government. However, according to the GPA, 1/3 of the member of the CNE should be designated by Renamo. In this context, the creation and composition of CNE was politically dominated despite the presence of the civil society representative which assumed the presidency. Thus, the CNE was composed by 21 members. 10 members proposed by Frelimo, 7 from Renamo, 3 from “non armed parties” and one from civil society.

The CNE was created to cover the national dimension of the Mozambican territory. Thus, electoral commissions at provincial and at district level were established. This is, at some extent, a kind of decentralization of CNE which at provincial level the government had the right to appoint 3 members, one of them as a president. Renamo had the right to appoint 2 members, one of them as a deputy president and the parties registered at the moment that the electoral law came into force had the right to appoint 1 member. At the district level, the principle was the same in which the presidency was headed by members

\(^{13}\) This is quite consistent with the nature and power-relations of the former belligerents during the war of destabilization. RENAMO was much based in the military realm rather than in political domain in which Frelimo had predominance.
appointed by the government and the vice presidency by member from Renamo (CNE, 1995: 18).

The “power-sharing at CNE” revealed crucial for the continuing reduction of mistrust initiated in Rome, during the peace negotiations and was important as an instrument of mutual control of the electoral process. The mistrust is referred as one of the major obstacles to the negotiations in Rome and, even, in Maputo after the signing of GPA. Thus, building of mutual trust has, probably, guided the intentions and actions of the political and non-political actors when was drown the electoral institutions due to the fear of re-eruption of war.

However, the composition of the CNE made the political process become bipolarized and monopolized by Frelimo and Renamo. This is one of the arguments used by “non armed political parties” to consider the political debate and process not inclusive (Brito and Weimer, 1993: 15). Furthermore, some technical discussions during the preparation of the elections assumed political connotations instead of being purely technical and made, sometimes, CNE to become a forum of continuation of political disputes, mainly between the former belligerents. This situation was responsible for some political tensions and exposed the politicization of the public institutions as a problem that deserved special attention in the consequent revision of the electoral law.

### 3.2 Power-sharing in the Technical Secretariat for Electoral Administration

The technical Secretariat for Electoral Administration (STAE) is an executive institution, which was, also, composed according to political dominance of Renamo and Frelimo. This executive entity, at central level, integrated 50 members. 25 proposed by the government, 13 from Renamo and 12 appointed by United Nations (UN) (CNE, 1995: 18). The integration of UN members expressed, at some extent, the mistrust, mainly in the part of Renamo that feared that its members would have been manipulated and integrated in Frelimo’s structure.
Like the CNE, the STAE was, likewise, created to cover the national dimension of the Mozambican territory. Thus, this institution was established at district, provincial and national or central level. The presidency of STAE was legally attributed to the members proposed by the Government and the vice presidency to the members appointed by Renamo. In this context, the STAE was, also, bipolarized and monopolized by Frelimo and Renamo in all regions of the country and issues of the electoral process instead of being purely technical.

The relationship between former belligerents was marked by mistrust that is referred as one of the major obstacles to the transparency efficiency of STAE and, above all, to the “pacification and democratization of the country” (Mazula, 1995: 43). In this context, some actions related to the electoral process conducted by STAE have created tensions that made the “ghost” of war always present in the euphoric atmosphere of peace and reconciliation. This tension was much expressive in the first day of voting for the first multiparty elections when the leader of Renamo announced that he would not participate in the elections.

All the tensions around the STAE were, later, used as arguments to justify the claims for depoliticize technical electoral institutions increasing professionalism and civil society participation. This situation was highly considered by all relevant political actors in the consequent revision of the electoral law.

Though, since 2007 there is a new electoral law which altered the composition of the CNE and STAE and added new procedures. But the principles still the same with a tendency to Frelimo’s monopoly due to the weakness of the opposition parties and particularly the decrease of Renamo’s political power of influence. The involvement of civil society was assured but still constrained by political features.

3.3 Power-sharing in the Mozambican Defense forces
The General Peace Agreement defined the general principals and procedures for the constitution of the Mozambican Defense Forces (FADM). “To ensure trust between the parties over the transition period, co-joint commissions were established, including Renamo, Government and representatives of foreign countries to direct the security forces from cease-fire period until elections were held and a new democratically elected Government instituted” (Lala, 2001: 64).

Thus, the FADM should be composed by members from government forces and from Renamo’s military forces and the highly commanded by 2 general officers with same category, designated by Renamo and by the Government, according to the GPA. The “joint command” was extensive to the various unities of the army in different regions of the country. In principle, the realms of the FADM in which the command was “in the hand of Renamo”, the deputy position should be “in the hands of Frelimo” and vice versa. Thus, the first Chief of general staff of the FADM was appointed by the former government forces and its deputy came from RENAMO forces. In the navy, the commander was from Renamo forces and its vice came from the government forces. In the air force, the commander was from government forces and the vice came from Renamo forces.

The fundamental objective of “joint command” was to have, in the military entity, both sides to build confidence between former belligerents and to make easy the management of potential instabilities that could jeopardize the implementation of the cease fire. For instance, during the process of disarmament and demobilization occurred some dissatisfaction that resulted in disobedience. This disobedience did not have huge dimension, in part, due to the presence of both parties in the leadership of the military entity. However, Renamo feared that the FADM could represent an integration of its men to the military structure dominated by Frelimo.

The joint command was defined for the transitional period, according to GPA. However, this reality continues up to date and the relationship was considered as an example of
reconciliation with great impact for the democracy and, above all, for the prevalence of peace, in Mozambique.

3.4 The Renamo´s armed men as a sign of power-sharing

The war in Mozambique ended with a *suis generis* decision against the Constitution allowing Renamo, a political actor, to have armed force. The force is composed by men who are considered force of protection of Renamo’s leader, Afonso Dlhakama. However, in fact, these men are a “parallel army” under the control of Renamo. Lopes-Pintor (1997:45), consider this situation an incomplete demobilization and disarmament which could have made the process of democratization and reconciliation falls back to the status quo prior to the peace agreement in case of election being politically rejected\(^{14}\). Though, the multiparty elections were always rejected and the re-eruption of the war did not occur due to the high political will and commitment of the former belligerents to the peace. The re-eruption of the war did not occur due, likewise, to the strong pressure from the international community (Lopes-Pintor, 1997:45).

On one hand, allow a political party to have armed men reveals the Renamo’s luck of trust on the state security apparatus dominated by Frelimo to guarantee the security of its leader. Above all, it expressed the Renamo’s fear of lose, totally, its power of pressure/influence over Frelimo. On the other hand, allow the existence of a “parallel army” can be interpreted as a “swallow toad” attitude of the government envisaged to build confidence and, above all, to achieve the peace. Therefore, the state authority has partially abdicated of its right of monopoly over the instruments of coercion to achieve the peace that constituted a supreme value and pre-condition for the development of Mozambique, at the poorest country of the world.

The consent for Renamo to have its armed men should be up to the end of transitional period. However, up to now, Renamo still have its armed men. The number of its

\(^{14}\) The issue of armed men has created Fears of re-eruption of war during the transition period. This fear was, particularly, exacerbated when were reported by the population and the media, the existence of some hideout of arms belonging to both former belligerents.
effective, the exact positions over the country is unknown, except Maringue and Inhaminga, in Sofala where Renamo had its headquarter during the war\textsuperscript{15}. In this context, the potential for political destabilization of the armed men still, also, unknown and it gives some power to Renamo. Thus, the armed men serve, indirectly, as instrument of Renamo’s political pressure against the government. Therefore, the armed men of Renamo/parallel army constitute Renamo’s source of power to balance the hegemony of the government lead by Frelimo and not a real threat to the prevalence of peace.

4. Impact of the informal or non traditional power-sharing

The power sharing in the CNE and STAE” was relevant to assure some degree of transparency to the electoral process that culminated to the peaceful elections with “87% of participation” (CNE, 1995:72) despite the tension and low trust revealed by former belligerents. Moreover, the joint leadership in CNE and STAE served to empower Renamo and reduce the total control of Frelimo over political processes that culminated to holding the first multiparty election (for Presidency and Parliament), considered “elections for peace”.

The result for the Presidency was a zero sum game won by Frelimo candidate. But for the Parliament it was a win - win result, particularly between Renamo and government. Thus, Joaquim Chissano, for Frelimo, was elected President with 53.3% of votes and Afonso Dlhakama, for Renamo, was the second most voted candidate with 33.73. For the Parliament, Frelimo gained 129 seats, Renamo 112 and Democratic Union (UD) 9 seats (CNE, 1995) in the universe of 250 seats.

The results gave to Renamo and its leader, Afonso Dlhakama, a status of leader of opposition and, above all, revealed, at some extent, some degree of balance of power between Frelimo and Renamo. This balance of power resulted from the elections was based on the fact that up to the end of war, Renamo controlled relevant percentage of the territory. In these areas, the first administrators or counselors of the new government after

\textsuperscript{15} However, in terms of number of the armed men some midia say that they are around 150. This number is unconfirmed either by Renamo either by State authorities.
the first multiparty elections came from Renamo breaking the agreed principle of “winner takes it all”. However, in this case, the Renamo officials were integrated to the state apparatus and they became professional civil servant without any political flags.

Despite the presence of UD at the parliament, it was dominated by Frelimo and Renamo dichotomy. This bipolarized situation prevails up to date with small difference that small parties have entered to the parliament but through coalition with Renamo. This attitude from small parties is, at some extent, acknowledge of the power of Renamo in Mozambique political sphere. With regard to the small parties, like Frelimo and Renamo, they don’t have social base. Some of the small parties have disappeared after elections due to structural constrains but also because of the predominance of Frelimo and Renamo in the political scenario. However, nowadays there are more political parties than 1994 when Mozambique hold its first multiparty elections.

In the military sphere, Fernado Gonçalves consider that the “distribution of the power” instead of power-sharing was something symbolic. Renamo did not have real power because “the military realms on their hand” navy was practically dismantled during the process of disarmament, demobilization and reintegration (DDR) under the auspices of United Nation Peace Mission in Mozambique (ONUMOZ). The real power was on army which was controlled by Frelimo.

Thus, instead of power-sharing all the situation after signing of the GPA and its implementation was a pure exercise to accommodate Renamo. Nevertheless, it is undeniable that Renamo has gain through its presence at CNE, STAE, FADM and the armed men some political power and influence. This political power and influence was achieved through this non traditional power-sharing that assumed characteristics of positive descrimination that contributed to diminish mistrust and buil confidence between the former belligerants, Renamo and the government lead by Frelimo. It was buil through concessions some of than painful for democratic principles but pertinent to assure a peaceful transition from war to peace.
Final considerations

The debate on power-sharing, in general, must begin in the concept itself. It is crucial to analyze, to explain and understand different realities that go beyond the strict political domain, the sphere of political power expressed in Government of National Unity and Reconciliation. In this context, the wide approach of power-sharing seems to be an alternative to enlarge the debate and to encase the Mozambique case. Thus, the argument presented here only validity if the concept of power-sharing is not restrict to the traditional definition of power-sharing.

In the Mozambique case, to study power-sharing it is relevant to take into consideration the context of “state birth” and subsequent transitions from war to peace. Thus, the Lusaka Accords is a short term case of power-sharing in the history of Mozambique based in the fact that the former belligerent had shared portfolios in the government of transition and in the Joint Military Commission. However, this conclusion seems to be forced, according to Rui Baltazar dos Santos Alves and Jacinto Veloso because the simple shared composition in the government of transition is not sufficient condition to consider the power-sharing. Moreover, the Lusaka Accords does not refer to the power-sharing. Its objective was clearly defined as transferring of power from Portuguese colonial regime to Frelimo. It meant to eliminate the power of one party, the colonial regime to empower the other party, in this case Frelimo. Though it was done through an informal power-sharing.

In the context of the war of destabilization, the power-sharing was not in the political sphere, i.e in the governmental domain. It was in technical institutions CNE, STAE that became politicized and in the military domain, FADM. On one hand, this was, probably, an alternative found to minimize the reluctance of the government and Renamo to share political power and assure conditions to the end of the war. On the other hand, the implementation of this *suis generis* solution, considering the conservative and restrict theoretical approach of power-sharing, contributed to reduce the fears of re-eruption of war due to the prevalence of mistrust between the former belligerent after the end of the
war. Above all, is important so see to what extent if one or both belligerent parties insisted to discuss formally and at the political level the power-sharing the Mozambique Peace negotiations would have prolonged or even failed.

The mistrust between government and Renamo has, probably, played a relevant role to force both parties to share the power in technical institutions, in one hand. On the other hand, this power-sharing served to minimize the mistrust and ensured some degree of transparency to the political process of peace and reconciliation. Its relevance is highly recognized at the point that the principle of composition and the transitory character, in terms of time, was not respected in the electoral institutions and even in the FADM at level of the leadership. Therefore, up to now, the composition of CNE, STAE and the leadership of command at FADM still be determined by the government and Renamo who have a “parallel army” allowed by the GPA. Thus, the informal power-sharing in Mozambique was, first, to assure peace and then for democracy.

The power-sharing in the context of the war of destabilization in non political sphere, through institutions, is “disguised”. The heavy political presence of members proposed by Renamo and government in the electoral institutions is the evidence of the informal nature of the power-sharing. At some extent, this nature of power-sharing served to divert the discussion in political sphere conscious of the reluctance of the former belligerents. It added by “parallel army” and “joint command in the military entity” contributed to the peaceful transition from war to peace because, at some extent, Renamo has had some degree of power that have politically influenced the behavior of the government and it had some space of maneuver to control Renamo.
References


Theme 3: Macroeconomic Agenda for Peaceful Post-Conflict

1. Introduction

Mozambique, immediately after independence in 1975, suffered from the mass exodus of the Portuguese settlers, the laying off by South Africa of Mozambican mine workers, and the climatic shocks - heavy rains in 1977 and 1978 followed by droughts in 1982 - which plunged the country into a deep recession that brought much of the population to the edge of starvation. The government initial response to the crisis was to nationalize the abandoned assets, set up managerial teams, most young and unprepared, to run them. Under a highly centralized development plan focus was given to the modern sector of the economy formed by almost the industry and 3000 large-scale farms created from the abandoned estates (World Bank 2001). Small scale agriculture was totally ignored.

By the mid-1980s it had become clear to Frelimo’s government that the strategy of achieving growth through stated owned sector failed. This was exacerbated by the increasingly unstable political situation which resulted in a civil war that started in soon after the independence, dislocating an estimated 3 million people and eroding the already weak human and physical resource base of the country (World Bank 2001). The economic costs of this war were an accountable for the country. This war did not only destroyed the productive capacity and displaced people but more importantly it had disarticulated the commercial networks, created the lost of trust and weakened market institutions. Thus, the lost of external, fiscal and private sector solvency became very difficult to recovery, in the post – war reconstruction period (Bruck et. al 2000).

However, after the signing of a peace agreement in 1992, in 16 years Mozambique moved from the world’s poorest country to become the African Economic success story. Mozambique’s GDP has achieved an impressive broad-based growth averaging 8 percent per year, as a result of a unified government, with firm commitment to poverty reduction which implemented a first wave of far-reaching institutional and structural reforms with substantial donor support (IMF 2008). What really happened in Mozambique?
2. The Structural Adjustment Program during and post-conflict from 1987 to 1994 – its role to achieve and maintain peace:

According to the World Bank (2001), after the failed attempt to develop a centralized economy in Mozambique, associated with the civil war that paralyzed the country’s economy the government decided to undertake the steps to reach a peace settlement and implement a transition process through a market economy. This transition process was undertaken within the general framework of what was called 1987 Economic and Social Rehabilitation Program (ESRP) supported by huge external financial and technical assistance (World Bank 2001). To recover and stabilize the economy under the ESRP started by rehabilitating the country’s infrastructure and human resource base while simultaneously stabilizing and jump starting the economy through, (i) the privatization of the state owned enterprises (SOE’s) and (ii) stabilization and structural reform including liberalization of prices, opening up businesses to the private sector such as urban transportation (known as “chapás”), agriculture, poultry industry among others.

Under this reconstruction and economic reform agenda privatization has been at the core of economic change in Mozambique. More than 750 enterprises have been sold off by the state (UTRE, 1997), making it one of the largest privatization programs in sub-Saharan Africa, by number of transactions (Cramer 2001). Despite regular complaints from donors and international financial institutions such the World Bank and IMF to the contrary, the privatization program was carried out relatively rapidly. A range of enterprises was involved, from bulky industries down to small shops. The pattern has been fairly typical of privatization in Africa (Bennell, 1997). For example, smaller enterprises such as retail outlets were sold first, with the larger and more strategic concerns (e.g. the national airline, Linhas Aereas de Moçambique, and the rail and port network, Caminhos de Ferro de Moçambique, the telecoms, Telecomunicações de Moçambique, etc) left till now. One can say that the reason smaller enterprises were first is, among other reasons, to meet Mozambican capacity to pay for the privatized units.
Mozambique’s privatization process was also typical in other respects. For example, despite many criticisms and concerns about the privatization program regarding an excessive amount of foreign participation in the privatization process, according to Cramer (2001) analysis of all firms privatized up to 1996 (i.e. early 1996, when the remaining firms to be privatized were chiefly large enterprises) around 92 per cent of enterprises were sold to Mozambican nationals or companies, which represents 60 per cent of the total value of firms sold (see Figure 2). If we associate these figures to the fact that first companies to be sold were the smaller, and that by law, independence and freedom fighters (Antigos Combatentes) were given priority under the privatization process (Lei de Alienação de Empresas Estatais) one can conclude that this process was also used to empower the Mozambican Nationals and maintain unity among them. One should remember that for more than 90 per cent of privatization buyers, the Mozambicans, agreed to pay what amounted to only half the total valuation sum; and by early 1996 these buyers had actually only contributed with 20 per cent of the total amount paid (Cramer 2001).

Therefore, one can also conclude that the privatization process contributed to the unity of Mozambicans and by doing so the ruling party Frelimo avoided that otherwise frustrated freedom fighters could join the civil war.
Figure 2: Buyers of Privatized Companies by Nationality

Privatisation by nationality

- Mozambican: 89%
- Portuguese: 6%
- South African: 3%
- Other: 2%

Source: (UTRE 1996 in Cramer 2001)
3. The Post-War Program for Reconstruction and Economic Reform under World Bank Assistance

The stabilization and structural reform begun in 1987 and accelerated in 1994, has reduced inflation and increased growth. This program initially focused on bringing the level of demand and its composition into line with the level of output and external balance. Due to the level of external assistance overall demand was able to expand quickly in real terms every year since 1987 (World Bank 2001). At the same time prices of some essential goods such as bread, vegetables and urban transportation were liberalized. Since then output has grown steadily averaging 9.3 percent from 1996 to 1999.

The post-war transformation of Mozambique’s economy was impressive, real output growth averaged more than 8 percent a year from 1994 to 1999, with the last 3 years averaging more than 10 percent, becoming one of the fastest-growing economies in the world. Annual inflation fell from an average of 60 percent a year in 1994 to less than 10 percent since 1997 (Figure 3). At the end of 1990s Mozambique had the most promising prospects for sustained growth and development (World Bank 2001). As a result, in 2000 Mozambique ranked third among 24 countries on an “optimism index” of businesspeople active in Africa (Center for International Development, Harvard University and World Economic Forum, 2000).
Figure 3. Inflation in Mozambique showing the dramatic reduction from 1987 to 1997 (annual average rates)

According to the World Bank (2001) this success had three factors: (i) increased political stability due to the end of the civil war in 1992 - that devastated the already weak human capital – and establishment of a democratic regime replacing the one party system; (ii) deep economic reforms including the courage of moving away from a closed and centrally planned economy towards reliance on market mechanisms and private sector leading growth and; (iii) substantial foreign assistance which supported government efforts to resettle displaced populations, conduct the first elections in 1994 and launch an ambitious reconstruction and recovery program.

Although Mozambique has started its economic reform agenda in 1987 before the war ended, this program accelerated latter in mid 1990s after the peace agreement signed in 1992. Indeed, from 1992 aid flows per capita achieved 100USD more than double of sub-Saharan aid flow per capita (Figure 4).
Therefore, at this point, one call it a post-war reconstruction program, defined by Bretton Woods institutions as a matter of short term costs, including demobilizing the military, reconstructing damaged infrastructure and resettling refugees (Bruck et. al 2000). However, as can be seen in figure 4 aid per capita has been increasing since the beginning of the reconstruction program in 1987, with two big jumps in 1992 due to the end of the war, support of the first democratic elections and the second jump in 2001 as a response to the floods of 2000. Indeed, according to Hodges & Tibana (2005, p. 54) the weight of external aid on Mozambique’s GDP it shows an increasing trend. This can reveal an increasing aid dependency of the country.

3.1. Peace dividend, the role of aid, education and health investment

The increased aid dependency it contrasts with the expected outcomes of the end of any war. Indeed, with the end of the war a substantial “peace dividend” is expected due to
reduced defense expenditures, demobilization of soldiers and recovered production capacity (Bruck et. al 2000). “Peace dividend” refers to the reduction of military expenditure and the subsequent redirection of resources towards civilian production. This was the case of U.S. and Germany after the World War II, where the army returned to the agricultural and industrial labor force and the production shifted from supporting the army towards consumption and productive investment.

Figure 5: Military Expenditure as % of GDP from 1988 to 2008

![Military Expenditure as % of GDP 1988-2008](image)

Source: World Development Indicators 2009

According to Bruck et al (2000) in developing countries this is not the case and Mozambique is not an exception. The productive capacity is not simply switched from peace to war and back again. In the case of Mozambique the productive system including infrastructures, plants and commercialization links were destroyed or distorted by the conflict. While civilian populations were ready to go back to farming contributing to the recovery of the agriculture production, is not clear what role the military labor force had played in this process. In developing countries, in general, military labor force may be unwilling or unable to simply return to farming (Bruck et. Al 2000). This situation maybe explains Mozambique’s indefinite reliance on aid for its development programs. Although, there is no data for health and education expenditure for the years right after the war, data on military expenditure by government shows sharp decrease (Figure 5).
Indeed, military expenditure decreased from 3.4% of GDP in 1989 to 2.8% in 1993 right after the peace agreement signature in 1992, with further reduction in 1996 to only 1.1% of GDP (WDI 2009).

The post-war decrease and downsizing of military expenditure was accompanied by an increase on, education and health expenditure as one can see on figure 6 below. This increase was mainly due to massive inflows of aid and redirection of priorities areas from military expenditure, state owned companies’ subsidies to health, education and infrastructures expenditure (World Bank 2001).

**Figure 6: Health & Education Expenditure compared to Military Expenditure 1998-2005**

![Comparing Health, Education & Military Expenditure as % GDP 1998-2005](image)

Source: *World Development Indicators 2009*

### 3.2. Trade Performance and the role of megaprojects

According to the World Bank (2005 pp.56-57), Mozambique is one of the unique countries in Africa whose share in world exports has risen in the last decade. Indeed, between 1996 and 2003 Mozambique's export performance has been growing at 22 percent per annum in American dollars terms. Later, and up to 2008 exports have been
growing at an average of 11.4% annually (BES 2008). This is definitely faster than the world exports growth of about 6 percent. This spectacular growth is mainly due to three mega-projects, the Mozal aluminum smelter (BHP project), the Cahora Bassa hydroelectric plant and Sasol gas project, which extracts gas in Mozambique and exports to South Africa via pipeline. The traditional exports, mainly agricultural and fisheries remain weak and poorly diversified. During the same period, these traditional exports have grown at only 2.3 per cent annually. Although the mega-projects have also increased the imports, mainly at their construction stage (World Bank 2005, p.57), overall this growth in exports has reduced substantially the trade deficit as a percentage of GDP from 27.9 in 1990 to only 10.3 percent in 2004 (Figure 7).

**Figure 7. Mozambique’s performance on reducing its trade deficit**

```
Mozambique Exports and Imports as a Percentage of GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports of goods and services (% of GDP)</th>
<th>Imports of goods and services (% of GDP)</th>
<th>Trade Deficit (% of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>-10</td>
<td>-20</td>
<td>-40</td>
</tr>
<tr>
<td>1991</td>
<td>10</td>
<td>-10</td>
<td>-30</td>
</tr>
<tr>
<td>1992</td>
<td>20</td>
<td>0</td>
<td>-20</td>
</tr>
<tr>
<td>1993</td>
<td>30</td>
<td>10</td>
<td>-10</td>
</tr>
<tr>
<td>1994</td>
<td>40</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>1995</td>
<td>50</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>1996</td>
<td>60</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>1997</td>
<td>-40</td>
<td>-30</td>
<td>-20</td>
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<td>1998</td>
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<td>-10</td>
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<td>1999</td>
<td>-20</td>
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<td>0</td>
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<td>2000</td>
<td>-10</td>
<td>0</td>
<td>10</td>
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<td>2001</td>
<td>10</td>
<td>20</td>
<td>30</td>
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<tr>
<td>2002</td>
<td>20</td>
<td>30</td>
<td>40</td>
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<tr>
<td>2003</td>
<td>30</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>2004</td>
<td>40</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>2005</td>
<td>50</td>
<td>60</td>
<td>70</td>
</tr>
</tbody>
</table>

Source: World Development Indicators 2007
```

The impact of mega-projects goes beyond increase in exports. Mega-projects have attracted also FDI. According to the World Bank, attracted by massive aid, mega-projects and geographical proximity to South Africa, investment has grown from 9 million US dollars in 1990 to around 245 millions in 2004 (Figure 8). As a result, South Africa
accounts for 40 percent of Mozambique’s imports and 20 percent of its exports, becoming the most important Mozambique’s trade partner. Also, about 35 percent of foreign direct investment inflows to Mozambique are from South Africa (World Bank 2005, p. 23 & WDI 2007). This trend of FDI is continuing these days. For example, according to the review of the Economic and Social Plan for 2008, from 2007 to 2008 FDI grown from 207.2 to 265.1 millions American dollars (BES 2008).

![Figure 8. Mozambique’s FDI inflows showing the impact of the Mozal smelter in 1998-2000, Mozal expansion and Sazol-Gas in 2002-2004](image)

**Foreign Direct Investment 1990-2004**

(Millions of US dollars)

4. Reforming the Monetary and Financial Sector in Mozambique

In 1992, under the economic reforms, Act 01/92 transformed the Bank of Mozambique (Banco de Mocambique) from a commercial and central bank institution to only a central bank, with the mandate to formulate and control the implementation of the monetary policy and supervise the financial sector. In addition, the state owned banks were privatized in 1996 and 1997 (World Bank 2001, p.1). This reorganization of the banking sector together with a tight money control resulted in a substantial reduction of the inflation to a single-digit rate until 1999 (World Bank 2005, p. 8). At the same period
money growth was reduced from 55 percent per annum in 1995 to 35 percent in 1999 (World Bank 2001, p.1).

According to the World Bank (2005, p. 9) the real effective exchange rate only had major appreciation-and-depreciation periods in the mid 1980’s. Since then (1992) the fluctuations have occurred within a band of around 16 percent. Although for more than a decade aid funds have been about 12-19 percent of Mozambique’s GDP, the country does not seem to have a “Dutch disease” problem. Only in 2004 an appreciation of the currency did occur, but for a very short period.

Mozambique has adopted the managed float exchange system and under that system commercial banks are free to negotiate foreign exchange with their customers, based on a daily and adjustable rate set by the central bank. In addition, an auction system for foreign exchange has been introduced in 2005 (World Bank 2005, pp. 8-9).

Nevertheless the progress made by the central bank in stabilizing prices and exchange rates, the World Bank (2005, p. 8) warns that there are still periods of lax monetary policy. For example the one in 2000 which resulted in inflation of 17 percent in 2002 and another in 2003/4 resulting in inflation of 15 percent in early 2004 (see Figure 1 & 9). These inflationary actions required tightening of the monetary policy by raising the reserve requirements and/or increasing the overnight bank rate. Consequently, this has contributed to the high level and volatility of interest rates in Mozambique resulting in high costs for the Mozambican small and medium-sized firms (World Bank 2005, p. 8).

4.2. Effectiveness of the Monetary Policy

According to the Act no 01/92 that creates the Bank of Mozambique, in its 3rd Clause, the main objective of the central bank is to maintain the value of the domestic currency. Nonetheless, this objective is understood to mean maintaining price stability. For instance, the former Governor of the central bank in his speech to the business community in 2005 stressed that, although the Bank of Mozambique has the statutory
mandate to maintain the internal and external stability of the domestic currency, more recently this objective has been translated into the direct control over inflation, that is maintaining a low and stable inflation rate (BdM 2005).

This objective is not being ease task for the central bank. For instance, as most of the price instability in Mozambique is due to supply shocks, this reduces the capacity and role of the monetary authority to avoid price rises and consequently maintain the inflation rate at one digit, according to its mandate and to the Social and Economic Plan approved annually by the Parliament. The resulting effect is the lack of capacity to meet short term targets for the inflation rate, as shown in the Table 1 and consequently, sometimes, lost of credibility of the monetary policy. However, as shown in Figure 3, the central bank has been effective on reducing the inflation rate over the past decade. Indeed, the first wave starting in 1988 and ending in 1997 averaged 43.14 percent, the second wave went through 2005 averaging 9.5 percent. According to the Poverty Reduction Strategic Plan, the most important goal for the monetary authority still being to reduce the average inflation rate for the next - 10 years long - wave to around 7 to 8 percent.
Table 1. Gap between the Inflation Rate Targeted and the Actual Rate in 2001-2006

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation Target</th>
<th>Actual Inflation</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>7.0</td>
<td>9.05</td>
<td>2.05</td>
</tr>
<tr>
<td>2002</td>
<td>8.0</td>
<td>16.8</td>
<td>8.8</td>
</tr>
<tr>
<td>2003</td>
<td>7.0</td>
<td>13.4</td>
<td>6.4</td>
</tr>
<tr>
<td>2004</td>
<td>8.0-9.0</td>
<td>12.7</td>
<td>4.2</td>
</tr>
<tr>
<td>2005</td>
<td>7.0-8.0</td>
<td>7</td>
<td>-0.5</td>
</tr>
<tr>
<td>2006</td>
<td>7.5</td>
<td>13.6</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Source: WDI and Mozambique’s National Directorate of Planning and Budget online

5. Managing an inflationary fiscal policy post-war to support elections and to overcome successive exogenous shocks such as droughts and floods

To understand the challenges for the government in one side and the Central Bank in the other side, to maintain price stability in Mozambique it is helpful to have a close look to the Consumer Price Index (CPI) basket of goods and the weights of the various categories. Until 1997 a typical consumer in Mozambique spent about 74 percent of his/her income on food, drinks and tobacco. Although the CPI structure improved, this category had reduced its weight only by 10 percentage points to 63.46 percent by 2005 (Table 2). The CPI is the official inflation rate indicator in Mozambique and was based in Maputo (capital city) consumer prices until recently when two major cities - Beira and Nampula - were added to the indicator. Following the inclusion of the new cities a new national price index was introduced in April 2006 and under this new CPI the weight of food, drinks and tobacco decreased further to 55.4 percent (INE 2007 & IMF 2006, p.1). Due to its composition, the CPI is highly dependent on the price of a few staples; most of them are subject to strong seasonality. For example, up to 1997 tomatoes and cabbage, together accounted for 10 percent of the price index (Ubide 1997).
Table 2. Mozambique: Consumer Price Index Basket in Percentage

<table>
<thead>
<tr>
<th>Description</th>
<th>1997</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, Drinks, and Tobacco</td>
<td>73.78</td>
<td>63.46</td>
</tr>
<tr>
<td>Clothing and Footwear</td>
<td>12.77</td>
<td>4.62</td>
</tr>
<tr>
<td>Firewood, Furniture and Housing</td>
<td>5.91</td>
<td>17.01</td>
</tr>
<tr>
<td>Health</td>
<td>0.49</td>
<td>2.46</td>
</tr>
<tr>
<td>Transportation and Communications</td>
<td>2.10</td>
<td>4.63</td>
</tr>
<tr>
<td>Education, Recreation and Culture</td>
<td>2.06</td>
<td>2.75</td>
</tr>
<tr>
<td>Other Goods and Services</td>
<td>2.88</td>
<td>5.07</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: National Institute of Statistics (INE 2007) and Ubide 1997

According to Ubide, because foodstuffs dominate the CPI, factors affecting food prices determine the movement of this index. These factors include agro-climatic conditions, domestic inputs and import prices, with rainfall and drought playing a fundamental role on the inflation rate. Moreover, supply of foodstuffs is greatly dependent on imports from South Africa as movements on the exchange rate play an important role in the behavior of the price index in Mozambique (Ubide 1997). Almost every year the Governor of the central bank repeats the same argument about imported inflation due to the depreciation of the metical against the rand, rising prices in South Africa, rising prices during the Christmas season and/or absence of “honesty” in the business community as their raise prices of imported products during the last quarter of the year\(^{16}\). In 2009 we are facing the same problem as the depreciation of the Mozambican currency (Metical) against the South African Rand is around 9.7% and consequently there is an increase on food prices during this Christmas season in Mozambique as always (Jornal O Pais 2009).

5.1. Food Prices, Droughts and Aid Flow

Floods, droughts and other natural disasters are the main irregular factor determining the inflation rate in Mozambique due to their impact on food production, thus influencing heavily monetary policy and objectives (Ubide 1997). According to the Ministry of Agriculture (2006) and based on the Agriculture Sector Census of 1999, only 4 percent of farmers in Mozambique use irrigation systems, that is, almost all Mozambique’s farming

\(^{16}\) See several annual speeches addressed by the central bank governor at [http://www.bancomoc.mz](http://www.bancomoc.mz)
activity is rainfall based (MINAG 2006). Therefore, droughts or any shortage of rainfall impacts negatively on the agricultural output (IMF 2005) (see Figure 9). Benito-Spinetto and Moll (2005) reported that from 1965 to 2001, 14 major floods, nine major droughts and four major disasters from typhoon landfalls occurred in Mozambique.

Figure 9. Drought, Floods, Aid and Elections influencing monetary policy and objectives in Mozambique, 1990-2006

Sources: World Development Indicators 2007, World Bank 2005 and Ubide 1997

Alternatively, too much rain provokes floods due to the lack of capacity to control river water flows in the country’s major rivers. Figure 9 shows how both phenomena affect adversely the price stability in Mozambique. Excepting for the expansionary fiscal policy of 1994, the first year of democratic elections in the history of the country, most other peaks of inflation were due to severe drought (1992) or severe floods (1996 and 2000). The extraordinary response from the international donor community to the severe floods of 2000, resulted in a surge of aid that disturbed the money supply in the country.
resulting in an additional peak of the inflation rate in 2002 (World Bank 2005). In contrast, a good agricultural season has favorable impact on the behavior of inflation. For example in 2005, inflation moderated from 12.7 percent in 2004 to 7 percent driven by lower food prices which resulted from a good harvest in that year (IMF 2006 p. 1). Thus, inflation in Mozambique is more supply driven (supply push) than due to poor aggregate demand management (demand pull). Moreover, Ubide (1997) in his study of the determinants of inflation in Mozambique found strong evidence that rainfall is negatively related to inflation, reflecting the positive effect that rain has on agricultural production and thereby on the evolution of prices in Mozambique.

Besides, maize, cassava, peanuts and beans, most staple production, including rice and vegetables, do not meet the local demand in Mozambique, therefore, are imported. In addition, 40 percent of meat and chicken and more than 80 percent of eggs, milk and related products are imported from neighbouring countries, especially South Africa (MINAG 2006). As a result, food supply in Mozambique is dependent on imports mainly from South Africa. Thus, the Metical to Rand exchange rate has a significant short-run effect on inflation in Mozambique, suggesting an impact through import of foodstuffs by the informal sector (Ubide 1997).

Therefore, the main challenge for the monetary policy in Mozambique is to have the government implementing better policies to increase food production and consequently reduce food imports from South Africa. In the other side, donors and government should understand how infrastructures to control water flows in the country are crucial to reduce the cyclic droughts and floods that undermine the monetary policy and objectives for Mozambique.
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