



# The Mozambique solution

INTERVIEW WITH HE PRESIDENT ARMANDO EMÍLIO GUEBUZA

PRESIDENT OF MOZAMBIQUE



ARMANDO EMILIO  
GUEBUZA

was born in 1943 and at the age of twenty joined FRELIMO. Since 1966 has been a member of the Frelimo Central Committee. Since independence in 1975 he has held many senior positions as Provincial Governor and Minister, including Home Affairs, Interior, Agriculture, Trade, Industry and Tourism and Transport. He led the Government delegation to Rome to secure the peace agreement to end the civil war in 1990. In 2002 he was appointed General Secretary of the Frelimo Party. In 2000 he was chosen to lead the Commission in Burundi implementing the guarantees arising from the peace negotiations. He succeeded President Chissano as the Frelimo candidate in the 2004 Presidential elections and was formally elected President of the Frelimo party in 2005.

## What is your overriding mission for Mozambique?

In my inaugural address to the Nation and the World I set out my mission as that of fighting poverty and we have been driving home the fact that poverty is not our destiny. There are a number of basic requisites for success in that mission. The first is self esteem: Mozambicans must believe in their self-worth and increase their awareness of Mozambique as their country and they must, therefore, be at the forefront of its development. Democracy as a pre-requisite for peace and stability is the second pre-requisite. Without peace and stability we cannot fulfil the aspiration of lifting our people out of poverty. The third is the constant improvement of the business environment which will allow the consolidation and diversification of partnerships, domestic and international, private and public.

We have abundant land, water, a long coast line, different minerals, fossil fuels such as coal and natural gas, diversified fauna and flora and, above all, we have our hard working people. As a country, we are endowed with more resources than many nations that have enjoyed faster development. Therefore, nothing justifies the present high level of human deprivation in Mozambique.

The progress we have made since the return of peace shows that we can defeat poverty. We have enjoyed a prolonged period of fast economic growth, reducing absolute poverty from 70 per cent to 54 per cent from 1997 to 2003. We have improved our standards of human development, expanded access to health, education, water and sanitation, improved our infrastructure, attracted and continue to attract substantial investment both local and foreign.

## Mozambique has emerged as a pragmatic forward-looking country. As a post-conflict nation, what lessons can other countries in Africa and elsewhere draw from the Mozambican experience?

Experience will vary from country to country according to local conditions. We cannot claim to have a universal model that can be transplanted to any part of the world. We can only relate our experience and if others find aspects of it to be relevant to their own conditions and circumstances we are willing to share.

We believe that in order to secure political stability

there has to be a commitment by all stakeholders, at the highest level, to the basic notion that development cannot take place in the presence of a conflict. Peace must be underwritten by all of society and be supported by an adequate institutional framework subscribed to by all stakeholders. We have been fortunate to be able to build that commitment in Mozambique over time.

Secondly, the conduct of the political and the development processes has to be based on a genuine desire to support the stability of the country in the long-term. Hence the need for a participatory and inclusive political process in which citizens can exercise their basic rights without fear or favour. Our approach to building institutions is based on the preoccupation at every stage to create a representative and inclusive society as a foundation for stability. What is fundamental is that this process should be owned, managed and implemented with the participation of all stakeholders, with the wellbeing of the people of Mozambique at heart. Instilling the culture of peace and dialogue is part of this process.

Thirdly, we need to secure the commitment of the international community to play a positive role in the elimination of factors that could undermine stability and make investment onerous, discourage risk-taking and lead to economic stagnation or decline which, in turn, may lead to conflict. This process requires all of us to work in partnership and to be sensitive to attitudes that may inadvertently provide a platform that justifies recourse to violence as a means of negotiating political space.

We are fortunate that we have been able to build strong foundations that so far have withstood many shocks. But our ability to consolidate this process further depends on the support of our international partners. This is the experience that we can share with the world without the pretence that our model is applicable everywhere. All we can say is that it has worked well for us.

## You are regarded as a leading exponent of economic empowerment. To what extent has the creation of a capitalist class been successful and do you see further potential in this area?

The creation of a capitalist class is premised on the primary accumulation of wealth. History has

recorded how, in many parts of the world, the creation of capitalist classes was based on practices that would be deemed abhorrent and unacceptable today. But that does not remove the reality that for a market economy to function properly, a country needs entrepreneurs with the talent and assets that enable them to identify and exploit opportunities and in the process promote development. That is perhaps the genesis of a capitalist class. In our case, we believe that given our historical background of economic deprivation of the majority, Mozambicans must be empowered in order to use their talents to exploit our abundant natural resources.

Empowerment should not be understood as the widespread practice of compulsorily taking wealth from one segment of population to give to another, but the provision of tools, instruments, skills and opportunities to the local population to grow and become proprietors of the means of production, and by using these resources productively, to create employment. The harnessing of Mozambique's natural resources will always have a component that seeks to encourage a greater involvement of Mozambicans in the wealth creation process. Others may call that economic empowerment but we prefer to call it

development. Prosperity without the participation of the majority of the population may look good in the short-term but in our view is not sustainable in the long-term. We have many examples in the world that seem to attest to this reasoning.

**Mozambique is attracting significant foreign inward investment. What role do you foresee for foreign companies in Mozambique's economic growth?**

Foreign investment plays an important role in the development strategy of Mozambique. When we say that the private sector is an important partner in the struggle against poverty, this view is obviously applicable to foreign-owned companies.

Foreign companies bring with them not only the capital, technology and know-how that are essential for the exploitation of the natural resources and comparative advantages of the country, but in many instances they also bring with them the access to foreign markets that is fundamental for the viability of many enterprises. They also bring with them an intrinsic intangible advantage which is sometimes overlooked – their investment can be regarded as a vote of confidence in country's ability to welcome foreign capital.

Many projects currently being undertaken in Mozambique could not have been initiated

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without the involvement of foreign capital. That is why we place particular attention on the creation of a conducive environment and offer incentives that attract foreign companies to operate in our country.

Foreign companies also forge important linkages with different sectors of our economy, thus unlocking opportunities for local companies to exploit while exposing them to world-class practices, standards and capabilities that become intangible assets that make our economy more competitive with time. We do not claim that our environment has reached the level of perfection. But we are continuously working with our partners in the private sector to make Mozambique a more and more competitive destination for foreign capital.

We recently amended the outdated Commercial Code that was enacted in 1888. Under the new code the registration of companies is done in a maximum period of 10 days, the compulsory number of shareholders required to form a limited company was reduced from 10 to 3, a one-stop investment support service was instituted, to name but a few recent changes to facilitate investment. These are part of our endeavours to build a better environment for investment. There is more to be done, but we can say with confidence that we are on the right path.

#### **What is your vision for Mozambique's economic and social development over the next ten years?**

The priority is to continue to consolidate peace, democracy and stability in order to remove any political factors that may undermine our prospects for development. We would like to reach a point, where, eventually, political risk is placed at the bottom of the list of concerns of prospective investors in our economy.

Mozambique is blessed with many natural resources, which, if exploited properly, could enable the country to eliminate human deprivation in a relatively short period. We will continue to invest massively in our social sectors such as education and health in order to provide a healthy and highly skilled population that will be the true engine of economic prosperity.

We hope that we can continue to count on the support of our international partners in this endeavour in the medium to long-term. The world has committed itself to achieving certain social development milestones by 2015 and we hope that commensurate resources will be provided to countries that still lag behind to speed up the process of development.

However, it is important to register that our efforts will count for little in the end if the greater volumes of development assistance are not supported by an

international trading regime that enables developing countries to exploit their economic potential to the full. We do not aspire to become a social burden on the rest of the world in perpetuity because we believe we can generate our own development provided that we are assisted to lay the foundations and are given the opportunity and the capacity to exploit our resources and to trade fairly with the rest of the world.

We are also keen to develop and refine our economic environment further in order to continue to attract substantial amounts of foreign investment. We are committed to removing bureaucratic barriers, to reform our judicial system, to facilitate economic transactions and to fight corruption in our institutions. We want the private sector to feel that we regard them as partners not just in words but in deeds, because we believe that sustainable development will ultimately be the outcome of a strong and confident private sector.

#### **Mr. President Guebuza, on your first visit to the United Kingdom could you briefly outline your assessment of the cooperation between Mozambique and the United Kingdom?**

We regard the United Kingdom as a key partner and value this relationship. The British people have supported the people of Mozambique in the trying years when we were still fighting for our independence – you will recall that this country was home to an influential solidarity committee during our struggle for independence. The United Kingdom was on our side again when we were working hard to bring an end to the armed conflict and when we were working to bring political stability and rebuild our country and in the fight against poverty today. British NGOs are also with us in the development of Mozambique.

Political, social and economic relations have grown steadily over the years. We have strong cooperation programmes in many fields and this visit provides an ideal opportunity for us to assess critically the level of our cooperation and devise ways to deepen and refine it. We are here to outline our vision and reaffirm our commitment to use the financial support we receive judiciously in the fight against poverty.

We appreciate the leadership that Britain has taken to mobilise resources to finance development in developing countries. The challenge now is to ensure that the commitments made are delivered.

We know we can continue to rely on the support of the United Kingdom for our agenda which focuses on the fight against poverty. The volume of our bilateral trade is still low, but the investment by British firms in Mozambique will contribute to the improvement of our commercial relations.

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