

EEC-Mozambique cooperation

by Jeremy LESTER (*)

The first assistance to Mozambique from the EEC came in 1977, a couple of years after the country's independence. Not yet a partner in the ACP-EEC framework, the range of help available to it was rather more restricted — it was food aid and emergency aid which were available, while the need for such supports only became dramatically apparent in the early 1980s. Droughts and floods compounded the effects of Renamo disruption of the rural economy, so the Commission responded to the November 1983 appeal of the government with a series of emergency projects, concentrated in the province of Inhambane, and with a total cost of ECU 4.9 million. It is interesting to remark that that assistance, implemented with the help of NGOs, laid the foundation for the first agricultural programme financed by the Lomé III national indicative programme which is only now beginning.

Aid to non-associated states

The total amount of aid allocated to Mozambique—as a “non-associated State” benefitting from credits allocated under the Community budget—during the period 1978-85 was ECU 32 m. The first area of such involvement was fisheries. The fish canning plant at Beira was constructed at the port of Beira, just next to the fishing harbour which is being studied with a view to rehabilitation and upgrading in the next years. The cannery has formidable problems to overcome such as the intermittent supply of inputs and electricity, but should soon be able to cope on its own. The other major fisheries project under the budget for non-associated states was to provide support to artisanal fishermen.

Another focus of the early projects in Community cooperation with Mozambique was agriculture. The town of Moamba, a short distance north-west of Maputo, is one of the sites. In normal circumstances, this

area would have been the market garden of the capital, and doubtless will again so be. Conditions for small-scale irrigation are excellent, but programme implementation, alas, has to contend with the ever-present threat of attack. This is unfortunately a more difficult issue to address than the drought which was the original reason for the project. Nonetheless, implementation continues, and there are even plans to widen the area covered by the project. Another agricultural project financed under the non-associated state budget is for the running of a seed potato farm. Potatoes are an important secondary crop, and yields depend on a reliable source of productive and disease-free seed. The project had to be suspended following attacks, but it is now reopening in a different location.

Food aid

In times of peace, there would be every prospect that Mozambique could feed itself handsomely. Tragically, however, there is a very long way to go before self-sufficiency can be reached. A particularly dramatic cause of this is the concentration of much of the rural population in those areas where their security can be better assured, often far from their traditional farms, and concentrated in areas which, even with the best will in the world, cannot feed them, let alone generate a surplus for the increasing urban population.

Between 1978 and 1985 the EEC provided ECU 80 million-worth of food to Mozambique. Since then it has been running at about ECU 25 m per year in direct assistance to the country, complemented by further amounts allocated through the World Food Programme and through non-governmental organisations. The delivery of nearly 100 000 tons of cereals as well as quantities of beans, vegetable oil and other produce is not easy at the best of times. The risk of attack to the railways and roads of Mozambique makes it very difficult indeed. The Commission provides, therefore, in addition to free

delivery at the ports, financial assistance to facilitate delivery to final destination. Further financial help has come from the Community budget to finance the provision of food stores to replace those destroyed by rebel activity and to study the logistics of delivery and the ways to improve domestic grain availability.

Up to the end of 1988, total food aid to Mozambique from 1978 stood at ECU 163 m.

Emergency aid

Emergency assistance has been given to Mozambique in every year since 1983. Emergency aid is designed to be used when there are exceptional problems, and in Mozambique the exceptional is chronically present. In 1987 there were 12 emergency aid activities financed, ranging from the supply of medicines, clothing and seed to the financing of medical teams.

In addition to emergency aid, there are other types of ‘exceptional’ support available to Mozambique, one such aid is that made available under Article 203 and 204 of the Lomé Convention, aid which is to meet the needs of refugees and returnees who have crossed international borders.

When the conditions allow it, for particular localities, Mozambican refugees have begun their return and face plenty of difficulties with their reinstallation. Article 204 provides for this sort of situation, too, and a first such aid was given recently for returnees to Tete Province, near to the Cabora Bassa dam, for a total of ECU 110 000. A total of ECU 23.5 m has been allocated so far as emergency aid in the period 1977-88.

Combatting South African destabilisation

In 1988 the European Community introduced a new budgetary provision to combat the effects of South African destabilisation in the Frontline states. Through the systematic and well documented support to Renamo provided by South African sources, Mozambique has, together with Angola, taken the brunt of the destabilisation effort. First uses of this new budgetary provision have been to provide assistance for orphans and other

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children deprived and traumatized by the war, and help with the establishment of a farm in the Beira Corridor by the Zimbabwe-Mozambique Friendship Association.

Lomé III National Indicative Programme

Under Lomé III, ECU 175 m is being made available as a contribution to the national development programme. Of this sum, ECU 130 m are standard grants, ECU 30 m are an additional grant for debt-distressed countries, and ECU 15 m are risk capital administered by the EIB. Of this, some two-thirds is earmarked for rural activities and for productive sectors. The balance may be used for economic and social infrastructure. By the end of 1988, 75% of the funds had been committed, and there are reasonable prospects that this figure will reach 90% by the end of 1989. Since Mozambique is a least developed country, all Lomé III funds administered by the Commission are grants (ECU 160 m). Mozambique is undertaking an Economic Recovery Programme to bring the economy into better balance. For the programme to succeed, not only policy measures and political acceptance are needed: the programme also needs large and rapidly-available donor assistance. It was accordingly agreed with the administration that a proportion of help should not be in the form of classical projects, but rather programmes to provide particularly needed inputs more rapidly than is normal with project assistance.

In July 1987, a first "sectoral import programme" to a value ECU 40 m was adopted: it provides, for a variety of productive sub-sectors, the inputs from abroad which are necessary to get production going again. It was reasoned that one of the best ways to give incentives to rural areas to produce is to ensure that goods are available for purchase with the receipts of farm sales.

The indicative programme, while concentrating on the rural sector, includes a strong infrastructure component, due to Mozambique's strategic situation and the difficulty, in the current security climate, of undertaking a number of the planned agricultural schemes. Rehabilitation of

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1978-85 Aid to non-associated countries	ECU m
Beira Fish Cannery	5
Artisanal Fisheries	3
Potato seed farm	7.1
Post-disaster reconstruction	
Moamba	2.5
Agriculture Moamba	7.5
Inhambane artisanal fisheries	17.4
	32.5
Regional anti-terrorist campaign	1.5
Self-sufficiency for displaced persons	0.8
1978-85 Food Aid	±80
1978-88 Emergency Aid	23.5
1985-88 6th EDF	
Nacala Railway	25
Beira Port	9
(+ regional allocation)	(39)
Basic Science Project	2.3
Inhambane Railway School	2.95
Sectoral Import Programme	40
Rural Development Inhambane	4
Stabex: 20 m (86-87)	
Food Aid: ±83 m (86-88)	
EIB: Lomaco Cotton Ginnery	
Chokwe	3
Cement of Mozambique	6

the Nacala Railway (ECU 25 m) and Beira Port (ECU 48 m of which ECU 39 m are regional funds) were financed in 1987, since when the Basic Science Project at Eduardo Mondlane University (ECU 2.3 m) the Inhambane Railway School (ECU 2.95 m) have been launched.

The rural activities which will be assisted under Lomé III include the Inhambane rural development programme which will cost ECU 4 m. In the project area, concentrated in the Vilanculos district, five many thousands of families which have had to flee from their own villages. They crowd the coast and the strips along the main roads, for here they are less likely to be attacked. The project tries to give them the means to maintain a modicum of food self-sufficiency. Help in the Cabo Delgado area, and in the area north west of Maputo is also planned, as well as assistance to fisheries projects.

Regional projects

SADCC was established in 1980 to give the states of Southern Africa the

possibility to weaken the hold on the region of South Africa. Access to the sea is a critical dimension of that freedom, and Mozambique is critical for that access: three major railway systems lead from Malawi, Zimbabwe and Swaziland to the ports of Nacala, Beira and Maputo. SADCC received the entirety of the region's allocation of ECU 110 m, to which was added, in early 1989, a further ECU 31 m. SADCC planners have decided to allocate 40% of this total (ECU 56.4 m) to the transportation sector, so that Mozambique may expect, in the future, to remain a major beneficiary of regional funding.

The Commission has recognised the importance of the links by the allocation of quite substantial amounts to the Mozambican ports and railways. In the port of Beira, the Community is financing the reconstruction of three berths. In general, further support is to be provided through the training of railway personnel—including some from Angola—and through studies of management and financial planning for the railway. Work on the Nacala railway is about to recommence following interruption by attack, while the Community is preparing for support to the so-called Limpopo line from Maputo to Zimbabwe.

Stabex

Transfers to Mozambique amount to some ECU 20 m, for cashew nuts, copra, cotton and tea, in the period 1986-87.

EIB

As the table illustrates, ECU 18.6 m was put aside as risk capital by the EIB under the indicative programme.

Of this figure commitments to date amount to ECU 9 m and have been in two areas.

An investment of ECU 3 m was provided to LOMACO (Lomaco-Mozambique) for the rehabilitation of a cotton ginnery at Chokwe and a tomato paste factory in Chilamene (both in the south of the country).

More recently ECU 6 m was provided to Cement of Mozambique for the rehabilitation of one of its factories. J.L.