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Transport, Trade and Economic Development in Mozambique: An Agenda for Change

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Abstract

This paper evaluates transport infrastructure and provision in Mozambique, and in doing so assesses whether it adequately addresses the country's need for trade and employment, poverty reduction and broader economic development. As yet, transport is a relatively neglected field of study in Mozambique. In this paper, transport is conceptualised within a broader political and economic context, reflecting on the country's internal dynamics, and its close linkages with the neighbouring country South Africa. Since this close relationship is very clearly demonstrated in the establishment of the Maputo Development Corridor which links Mozambique to South Africa, this initiative forms a central part of the analysis.

Introduction

Africa's economic performance gave almost universal cause for concern throughout the 1980s and '90s, but the continent has in recent years experienced a fragile recovery, based on a transformation in policy and economic performance in a mere seven or eight countries. One of the most spectacular turnarounds has been Mozambique, until recently the world's poorest country but now an exemplar in terms of GDP, human development, and foreign investment (Kulipossa, 2006).

Mozambique still faces many challenges. Although it has seen an increase in GDP, it was still only USD267 per capita in 2004, compared to USD 10, 700 for South Africa (IMF, 2004b). Moreover, over half of its population is still poor (IMF 2004), life expectancy is an average of 38 years, and there are high levels of unemployment and informal sector work. Access to work and trade is also inhibited by problems with the country's transport system. Although there has been massive reconstruction of both ports and rail, there is still obvious evidence of the ravages of civil war, and significant access and mobility problems across the Northern parts of the country. This situation is not helped by the serious flooding which devastated the livelihoods of many people in the early 2000s, and occurred again in the early months of 2007.

Against this background, the aim of this paper is to evaluate the current status of transport infrastructure and provision in Mozambique, and in doing so assess the key challenges for: building trade and employment, reducing poverty and increasing economic development. This review is necessary at the current time in order to delineate the current priorities for policy and practice, and future research.

The paper draws on existing documentary evidence, in addition to data from in-depth interviews conducted during a small scoping study in 2004, then further interviews in September 2005 and 2006 with senior academics, NGOs and government policy makers in Mozambique. The interviews included focused discussion on the adequacy of the current transport infrastructure and public transport provision, including roads, rail, and ports, and the implications of this for local and broader economic development. The paper progresses as follows. After outlining the economic and social benefits of an appropriate transport infrastructure and system, it briefly reviews Mozambique's political history, poverty levels and industrial landscape. It then engages with ongoing debates about its reliance on donors and FDI, and the relationship with its neighbour South Africa, before moving on to focus on the current status on its transport system and in particular, the contribution of the Maputo Development Corridor to local and economic growth. The particular attention paid to this initiative is due to its status as the main connecting road to South Africa, and the key route within a spatial development zone.

Economic and social benefits of an adequate transport infrastructure and system

Transport is essential for broader economic growth, and for the individual needs of local communities, yet problems with roads, rail, ports and air transport and other infrastructure have been widely cited as one of the chief constraints on economic growth in Africa. In Mozambique, as in other parts of Africa, the railways and roads that were established in colonial times were primarily designed to transport minerals and other raw materials from the African interior to its ports for shipping to Europe, so that today, Africa's local, national and international transport costs are typically twice as high as those for a typical Asian country (Commission for Africa, 2005). Moreover, with market competition, farmers further away from the place where goods are sold can often receive lower prices, and so in effect are bearing the costs of transporting their goods to market (Stiglitz, 2002). A further problem with the current transport situation in Mozambique, that cannot easily be addressed, is related to geographical constraints. Mozambique is a long country, and so a large majority of the country is a considerable distance away from the capital city Maputo. Moreover, as mentioned above, the country suffers from periodic flooding, which often has disastrous effects on the transport infrastructure. These two factors create ongoing difficulties that are not easily resolved.

Yet transport is arguably vital both for broader economic growth, and also for accessibility and social justice for poorer communities, particularly in rural areas where there is likely to be a lack of public transport provision (Farrington and Farrington, 2005). The lack of appropriate transport impacts on life chances and opportunities, particularly through the potentially limited access to education and employment, or to markets for trading goods. In circumstances where people are unable to access the essential ingredients for sustainable livelihoods, they may arguably suffer from 'travel poverty' (Root, 1998). This term has been applied to developed countries such as Britain (Dibben, 2003; 2006), where it has been suggested that transport is the single most important concern of people living in rural areas (Countryside Agency, 2000), and indeed a basic human necessity (Lucas, 2004) but arguably has particular relevance for developing countries.

Political history of Mozambique

Mozambique, in common with many African countries, experienced a long period of colonial war. But in 1975, after an anti-colonial war of liberation of about ten years, Mozambique gained independence from Portugal, and was run as a socialist economy by the liberation movement, Frelimo (Webster and Wood, 2005). However after independence, the former colonial owners of enterprises left the country, and firms were abandoned, and decapitalised, and either nationalised or placed under the control of an administrative commission consisting of workers and Frelimo activists (Webster et al, 2006).

Independence in Mozambique was followed by a 16 year civil war, during which the rebel movement, Renamo was supported by the countries of South Africa and what was then Rhodesia. The outcome was the destruction of much of Mozambique's infrastructure, over a million deaths, and the displacement of more than three million people (De Sousa, 1999). The war was ended by the Rome peace accords of late 1992, and followed by Mozambique's first democratic elections in November 1994. Frelimo gained a narrow majority over Renamo in both this election, and in those that followed in 1999 and 2004 (Webster and Wood, 2007), leading to relative political stability.

Poverty, life expectancy, and unemployment

Although on a national level poverty has decreased, there are still great imbalances, so that poverty is greater in less populated, rural areas (Jacobs Consultancy, 2005). More than 78% of the Mozambican population live in the countryside (Meeuws, 2004), and surveys of household consumption in 1997 and 2003, show that although poverty levels fell from 69.4% to 54.1%, rural areas were still poorer (IMF, 2004b). Meanwhile, life expectancy, including AIDs, is only 38 years (Republic of Mozambique, 2004). Added to this, unemployment is high, and according to some figures, only 6% of the total employable population are employed in the formal public and private sectors (CTA report, 2005).

Against this background, the Government is seeking to reduce poverty levels through achieving the United Nationals Millenium Development Goals, and has developed the following proxy indicators: the reduction of extreme poverty and food insecurity; fighting HIV/AIDs; providing basic commodities including water; providing universal primary education; gender equality; reducing child mortality; improving maternal health; fighting against malaria; and environmental sustainability (Republic of Mozambique, 2004). It has been reported that the government is 'making good progress towards meeting its overall target of reducing the incidence of poverty, and the country should easily meet its MDG target of 40% by 2015' (EIU, 2006). This has been assisted by agricultural expansion, greater non-farm activities in rural areas, and a rise in employment income among the poorest members of the community (IMF and IDA, 2006).

Industry and trade

In terms of GDP, there has been a steady growth rate of around 8% since 2002 (Jacobs Consultancy, 2005). Although this has slowed down somewhat during recent years, GDP growth increased slightly from 7.7 percent in 2005 (influenced at least partly by a drought that year) to an estimated 7.9 percent in 2006 (IMF, 2006).

Mozambique has a diversified economy, divided into industry, agriculture and services. Industry accounts for about 30% of GDP, agriculture about 25% and services about 45% (Jacobs Consultancy, 2005). The largest share of industry is taken by aluminium, and government services account for the largest part of the service sector (Jacobs Consultancy, 2005). For almost 90% of the rural population over 10 years of age, agriculture is the main economic activity (EMTF, 2004), but this is predominantly shareholder subsistence farming. However, there has recently been growth in tourism, with plans for major developments along the coast.

Methodology

Following a scoping study in 2004, the first stage of the fieldwork consisted of 27 in-depth interviews which were conducted during September 2005 with academics, senior government officials in the field of transport, trade and investment, representatives of private sector and labour interests, and donor agencies. The second fieldwork stage consisted of around 12 follow-up interviews in September 2006, investigating themes such as privatisation and the role of donor organisations in more detail. Each of the field visits was conceived as part of a longer project, and revisiting the same people facilitated the building of relationships, and enabled at least a minimal temporal calibration to research findings (see Harrison, 2000). After each stage, responses were analysed using a precursor of NVIVO, a software package for analysing qualitative data that facilitates both open and axial coding through a hierarchical coding scheme (Richards and Richards, 1994). Each research visit was preceded by an extensive review of available academic literature, policy documents, and new reports, and then supplemented by additional material obtained during and following the fieldwork visits.

A number of related themes were explored during the research, and this helped to shed light on the current status of Mozambique's development, and the contribution of its transport system to development, employment and trade. The next sections analyse two key factors in moving from being a developing to developed country: the reliance on the donor community, and the contribution of foreign direct investment. In Mozambique's case, this latter aspect is heavily influenced by its relationship with its neighbour South Africa.

Reliance on donors

Mozambique relies heavily on donor institutions, which are expected to provide 49% of the annual state budget (EIU, 2006). As one interviewee explained,

> *"The government is trying every possible organization to get influence and resources"*
> (Interviewee from Mozambican University, 2006)

Such donors include the World Bank and the IMF, organisations that have been heavily criticised over recent years for pushing liberalisation and privatisation (Stiglitz, 2002; Sachs, 2005; Bond, 2003), while ignoring factors such as corruption (Hanlon, 2004; De Renzio and Hanlon, 2007). Indeed, it has recently been argued that at a time when countries in Asia were investing in healthcare and education, African governments were slashing the budgets of clinics and schools in response to IMF and World Bank policy (Commission for Africa, 2005). In debt, developing countries have often not had the available finance to subsidise their enterprises and have not been able to obtain new loans unless they agreed to reforms (Chandra, 1992).

There are two main problems with external aid. Firstly, Mozambique has struggled to maintain debt repayments. Prior to the G8 summit in 2006, the World Bank and IMF cancelled the debt of 18 highly indebted poor countries, including Mozambique, and it was estimated that Mozambique would initially save USD 55 million every year. However, by the following September, the World Bank and Mozambique had already signed a loan agreement for USD 120 million for poverty relief (Jensen, 2005), which would presumably increase its debt repayments for the future. Secondly, external aid expectedly came with stringent conditions attached, centring on a reduction in state expenditure, the phasing out of protective tariffs and increased privatization (EIU, 2001). Although there have been some conflicts between the IMF and World Bank and the Mozambican government on reforms, the government has generally complied with the conditions, even going so far as to state publicly that unwanted policies were *their* policies. In the case of the cashew nut processing industries, for example, the government was forced to say that liberalisation and privatisation were their own measures, even though it did not agree with them (Dijkstra, 2002). A third problem is that foreign donors can dominate policy-making, and thus reduce the host country's ability to set its own agenda, and at the same time, the employment of foreign staff for key civil service positions can lead to a two tier payment scale, encouraging clientalism and multi-employment'(EIU, 2006).

To provide an example of the continued reliance on donors, in the area of transport and infrastructure, the World Bank has three active projects: the Railways and Ports Restructuring Project (US$100million- FY00) which aims at increasing the operating efficiency of the three major port-rail systems in Mozambique; the Roads and Bridges Project (US$162 million- FY02) which aims at improving road infrastructure, sector policies, and management; and the Beira Railway Project (US$110million- FY05) which aims to improve the cost-effectiveness and efficiency for freight and passenger rail transport in the Zambezi Valley and beyond (IMF, 2006).

Foreign Direct Investment

While public and donor projects accounted for the bulk of investment from 1985 to 1994, by 1997, private investment accounted for 82 per cent of the total value of approved investment (Castel-Branco et al, 2001). By 2003, Direct Foreign Investment was USD 336.7m (IMF, 2004b), and in the first six months of 2005, 49 new foreign investment projects, out of a total of 64 which included home based initiatives, were approved by the Mozambican government (AIM, 2005e). Four projects (aluminium, forests, and two sugar estates) total USD 1.53 billion, of which the aluminium factory, Mozal, alone accounted for USD 1.3 billion. Mozal can be seen as a show case, demonstrating Mozambique's viability, suggesting private sector confidence (Rogerson 2001) and raising its profile and credit rating (Soderbaum and Taylor, 2001). Moreover, although in the beginning it did not use local suppliers, giving the difficulty with communicating in Portuguese as one of the main reasons, Mozal has more recently decided to procure various supplies such as stationery, vehicle rental, small tool repairs, vehicle service and maintenance exclusively from local suppliers, and it has also set up an SME Development Centre as part of its 'Mozlink program' to encourage good financial, HR and Health and Safety practices (BHP Billiton, 2004).

In addition to the project mentioned above, there is also a major petroleum project operating in Mozambique, the Pande-Teman Gas Project, the contracts for which were signed in 2000, and more recently four international companies have been granted the right to start drilling for oil (IMF and IDA, 2006). Exports from megaproject exports remained buoyant (29 percent on-year growth) in the first semester of 2006. Meanwhile, traditional exports surged by 66 percent in US dollar terms, led by a recovery in cashew, sugar and seafood export volumes (IMF, 2006).

The high levels of GDP, largely result from mega-projects. In the past, this has been criticised, not least because of the huge tax incentives given to such projects, and thus limited benefits for the country:

> *"Total cumulative investment has been over US$4billion for 1997-2005, putting Mozambique on the global FDI map. The sector's contribution to the fiscal accounts has, however, been lagging, due to generous tax exemptions." (IMF and IDA, 2006).*

This looks set to change, with the establishment of a new Central Revenue Authority (ATM) which has been charged with the fine tuning of tax policy to broaden the tax base by eliminating unwarranted tax exemptions, implement a simplified tax regime for SMEs, and adopt a comprehensive approach to the taxation of nature resource exploitation. In May 2007, new bills were passed establishing new tax regimes for the oil and mining industries. Any company that strikes oil in Mozambique will pay a 10 per cent tax on the value of the oil produced; for natural gas the tax rate is six per cent. For mining, there are two taxes- one on production, and one on the area covered by mining licences (AIM, 2007b). This is intended to stop the case by case negotiation of projects that has taken place in the past. It will be interesting to see how, and to what extent, this improves Mozambique's budgetary status.

As mentioned above, Mozambique is still heavily reliant on South Africa. Historically, this reliance has included South Africa's employment of migrant workers from Mozambique. In the 1960s and 1970s, South African mines were the major employer of Mozambicans, outweighing industries such as agriculture, which were partly funded by this wage income. But in the mid 1970s, South Africa was under pressure to reduce domestic unemployment and cut the numbers of migrant workers drastically, leading to heavy unemployment, and a collapse of the agricultural industry in Mozambique.

Economic linkages between the two countries have been shaped by the various factors including the comparative weakness of the Mozambican economy, and the regional strength of South Africa, which is largely due to its mineral-energy accumulation; the influence of those industries over the South African state and economy. In particular, however, South Africa has impacted upon Mozambique most heavily through its expansion of industries such as the mineral-energy complex, but also in relation to industries such as beer, sugar, cereal milling and tourism. Projects where South African Corporations are arguably the driving force in Mozambique account for about 85% of total FDI (Castel-Branco, 2004). Nevertheless, South Africa is generally viewed in positive way, albeit with some reservations:

> *I'm not against South Africa. It's a good country. (But) …the Government are helping the private sector and fighting to get markets. In the end, South Africa will eat all these markets"*
> (Interviewee from the Road Transport Organisation, 2005)

Transport infrastructure in Mozambique

Historically, Mozambique's transport system, in common with many other African countries, has tended to serve large industry, with a lack of development of rural routes. Mozambique's transport infrastructure still lacks linkages to rural and agricultural areas, particularly in the north of the country, and there are insufficient funds for rehabilitation and maintenance. However, the transport system has been developed over recent years, as a result of donor funding and the privatisation and concessioning of ports, rail and road. The National Directorate of Ports and Railways (CFM) is the state owned company responsible for developing ports and railways in Mozambique, but is itself in a period of transformation involving the privatisation of CFM management, the formation of a holding company, leasing port and railway terminals, and diversifying activities to include areas such as tourism, air transport, the building industry, real estate management and finance.

Ports

The three major ports in Mozambique have been concessioned, and trading capacity has improved. However, they still face competition from ports in South Africa, and the minor ports provide limited facilities (Wood and Dibben, 2005). Mozambique has no deep sea freight, but artisinal coastal and inland shipping still provides employment for around three per cent of the population. Concessioning began with the terminals at the Port of Maputo, which resulted in *'general organisational good'* with new investments, new facilities, and generally better conditions (Interviewee from CFM, 2005). After this positive experience, Mozambique concessioned Beira Port in 1998, involving a joint venture with a company from the Netherlands, Cornelder. The Mozambique government has 33% shares in this, and Cornelder essentially owns the rest of the port. The outcome of this concession has been largely positive:

> "*Beira is one of the best concessions that we have- because they make some investment and give employment for a lot of people. In this concessions agreement, there is new money, and they keep some CFM staff with better conditions than before*" (Interviewee from CFM, 2005).

Maputo port was then concessioned in 2003, and CFM kept 49% of the shares. Maputo Port is run by the MPDC (the Maputo Port Development Programme) which is a consortium consisting of the British Mersey Docks and Harbour Company, the Swedish company Skanska, a Portuguese company, Liscont, and Mozambicans (Mocambique Gestores). Together it owns 51%, while CFM owns the remaining 49%. The contract was awarded to MPDC in April 2003 for 15 years. The agreement was that MPDC would invest US 70 million over a three year period in new tugs, the construction of a new port entrance linking to the N4 highway that runs from Maputo to Johannesburg, the purchase of new equipment and the upgrade of roads. Since concessioning, Maputo Port has improved its timing and turnaround (Interviewee from Maritime department, 2005). However, there have been some problems with the private sector consortium, Mersey Docks. They paid the variable fees, but have not paid the fixed costs of eight million dollars to CFM. The reason for this is that they expected to handle large volumes of cargo, which have not materialised because the

Ressano-Garcia railway line was not completed (Interviewee from CFM, 2005), and the harbour cannot work effectively when solely using trucks (Interviewee from NGO2, 2005). Then in January of 2005 Nacala Port was concessioned to an American company, and CFM again kept 49% of shares (Interviewee from CFM, 2005). The concessioning of smaller ports was seen as problematic due to potential problems with economic viability, and the possibility that investment, for example in handling equipment, would be higher than the return (Interviewee from Maritime department, 2005).

Railways

Railway infrastructure has been developed over recent years, with concessioning taking place, but the experience with this has been variable, with delays in reconstruction. The contract for the Ressano-Garcia line was negotiated with Spoornet in 2002. But there were problems between Spoornet and NLPI (Interviewee from CFM, 2005). The concession meant exclusive use, operation and management of the railway track in which Spoornet had a major share for a period of 15 years, renewable for five years or additional periods. Two million US dollars was to be paid by the concession holder up to seven days before the start of the operations. The fixed annual amount to be paid was 1.7 million dollars (Meeuws, 2004). However, it was arguably not in Spoornet's interest to use Port Maputo, the preferred port being that of Durban, since both Portnet and Spoornet are part of Transnet (Interviewee from NGO3, 2005; Jacobs Consultancy, 2005). Thus, while it had been thought that Maputo port would be good competition with Durban, Durban remained congested, with Maputo port not at full capacity (Interviewee from NGO2, 2005). As a result of these ongoing problems, in November 2005 the Mozambique government cancelled the lease to Spoornet, leaving CFM to rehabilitate the line (AIM, 2005d).

Further problems occurred in the North of the Mozambique. The Nacala line was concessioned in January 2005 but did not bring in large revenues. When discussing the agreement, CFM informed the concessionaire of potentially low returns and suggested that CFM continued this service as the representative of the State. The private sector investor refused this option, and affirmed that they would keep their promise to *"develop this poor country"*. However, transport was not regular, creating problems for the economy of Niassa province (Interviewee from CFM, 2005).

Thirdly, problems have occurred with the rehabilitation of the Sena line that links Beira Port to Malawi, where a contract was been signed with an Indian Concession, CCFB (CFM, 2005). The World Bank has now provided USD 130 million funds to rehabilitate the line, and work should be completed by early 2009 (AIM, 2005b).

Airports

Civil aviation has not seemed to be a major priority area for Mozambique in recent years, irrespective of its importance for tourism and in times of natural disaster, as during the periodic flooding that has beset the country. This may partly be due to the fact that larger companies that have invested in Mozambique often provide their own aircraft to transport workers.

Irrespective of the variable experience with ports and railways, the airports in Mozambique are similarly being concessioned. In June 2006 the government pre-qualified seven consortia for the tender to modernize Maputo’s Mavalane International Airport. In common with the model used for ports and railways, the airport will be managed by a private operator for a defined period of time, while the airport’s infrastructure will remain the property of the government (EIU, 2006).

Roads

In 1999, the Government established a new national road management system which included the creation of the National Roads Administration (ANE), responsible for the administration of national and regional roads, and for the financing of roads through the Road Fund. ANE is an autonomous public institution under the Ministry of Public Works and Housing (MPWH). The ANE reports to a Board of Directors which includes both the private and public sector (Jacobs Consultancy, 2005).

The priority in recent years has been for transport corridors: the Maputo corridor linking South Africa's Gauteng Province with Maputo, the Limpopo Corridor linking southern Zimbabwe with Maputo, the Beira Corridor linking central Zimbabwe with Beira, and the Nacala corridor linking Malawi with the northern port of Nacala (Wood and Dibben, 2005). This has been funded largely through private sector and donor involvement, so that the Maputo Corridor was financed under a 30 year Build Operate Transfer scheme; the rehabilitation of the Beira Corridor was funded by the 7th European Development Fund (EDF); and the Nacala corridor was funded by the 8th EDF.

However, road coverage in Mozambique is generally poor, so that even 50km outside of Maputo there is very little infrastructure (Interviewee from NGO2, 2004), with even greater problems in more Northern areas, so that from Cuamba to Lichunga there is, *"Something that looks like a road but no road"* (Interviewee from CFM, 2005). As recently as 2002, Mozambique had about 28,500km of classified roads, of which less than a quarter were surfaced. Although the road network has improved considerably as a result of World Bank funding (Meeuws, 2004), there are still areas with little coverage. Rural roads are now receiving greater priority from donors such as the World Bank and IMF, with priority for enabling isolated and poor regions with agricultural potential to access national markets (IMF, 2004b).

Road maintenance is also a problem, and even in the capital city, taxi drivers are often forced to sway off of the main road in order to avoid potholes. The situation in other parts of the country is similarly problematic:

> *"The roads are bad. Maputo to Matola is a good road as it is the N4, but from here to Xia-Xia (North) the road is still bad."*
> (Interviewee from Ministry of Transport and Communications, 2005)

> *"Another tourist point is Pemba… the beach and sea there are different from the south of Mozambique. It takes three days by road and some of the roads are not good"*
> (Interviewee from Civil Aviation, 2005).

> *"I crossed the Zambezi river, and went up there for an inspection. There was 2.5 metre high grass on the road! On one bend I couldn't see the road, and even the cattle can come out. You can't drive more than 40km"*
> (Interviewee from ANE, 2005).

The problems with roads are even more apparent when it rains, and the north-south road links are heavily disrupted by flooding (Jacobs Consultancy, 2005). However, at least one firm is benefiting from this situation:

"There is only one metal engineering firm in Nampula- which repaired trucks because of the roads. So they hope that the Government delays the rehabilitation of the roads!"

(Interviewee from Eduardo Mondlane University, 2005).

Road maintenance is the responsibility of each individual province, and they each receive a roads fund to maintain existing roads, which is determined by the national government. The provincial governments have the power to open non-classified roads important for local trade and for access to classified roads. However, problems arise when new roads are built that the provinces are not able to maintain. They are then limited by the amount of funding provided by donors. Each province has an intersectoral roads committee that tries to coordinate road building with other development projects, and influence the national government. But there is no response if resources are scarce (Intervewiewee from Eduardo Mondlane University, 2004).

Even where roads are available, there are often very low levels of traffic, especially in the north of the country, so that on the main road from the North to South of Mozambique there are only 50 vehicles a day (NGO3, 2005). This is largely because of the low density population which is primarily poor, and is not able to generate large scale production. This raises the question about which roads should be built, and whether it is better to concentrate on developing central roads with linkages to the hinterland, or work from economic centres rather than simply focus on rural roads (Interviewee from NGO1, 2005).

A further issue is the cost of road transport. Road transport from Maputo is an average 0.045 USD per tonkm, compared to road transport for Beira at 0.09 USD per tonkm. Part of the reason for this is the imbalance in commodity flows, so that if transporters succeed in obtaining backload, prices will, in general, be much lower (Meeuws, 2004). At district level, the transport of agricultural commodities has tended to be carried out by informal road transporters using means such as bicycles, tractors, small-capacity vans and trucks up to 10 tons. Between provinces, transport is generally undertaken by the formal transport sector, but also illegally by foreign vehicles. The unit costs for travel are affected by the capacity of the truck, the distance travelled per day and the economic life span of the vehicle, all of which are related to the state of the road being used. Usually, the prices applied do not cover costs, so that the transport of cereals is only feasible if it is carried with other, higher value, goods (Muendane, 2001).

Public road transport consists of buses, kombi-taxis, pickups (also known as bakkies) and taxi cars. There are only about two or three large bus companies in Mozambique, and a lot of small businesses in the passenger transport area, with over a thousand people owning one 15 seater bus. The owners of these buses are often those who received a pension of 5,000 dollars as a result of rail privatisation (Interviewee from ANE, 2005). Within the road transport department, there is a recognised shortage of buses, both for the city of Maputo, and also for the rest of the country, and particularly the main cities such as Beira and Nampula. There is also a recognised need to change from 15 seaters to safer vehicles of 25 or 36 seats (Interviewee from Ministry of Transport and Communications, 2005). Nevertheless, the situation has improved over the last five years, as previously most people in Maputo travelled in pickups (Interviewee from ANE, 2005).

Other concerns relate to road safety, with an ‘alarming rate’ of accidents (CTA report, 2005, p41). This is at least partly as a result of the bad condition of many roads, but also related to the bad state of passenger vehicles. In May 2003 a road safety campaign aimed at minibus-taxis and other forms of passenger transport inspected 4,178 vehicles and seized 808 of them. They found that almost one in five of the passenger vehicles was mechanically defective or lacked legal documentation (AIM, June 2003). Relatedly, taxi rides during the course of fieldwork were in vehicles with a lack of functioning seatbelts, loose seats, bad tyres and broken windscreens (Observation, 2005 and 2006). However, another issue is the lack of an appropriate regulatory framework for road safety.

Conclusions

Mozambique can be viewed as a success story, due to its sustained levels of GDP, and improvements in Human Development Indicators. Nevertheless, an adequate transport infrastructure and appropriate institutional frameworks are clearly essential in order to promote trade at both the macro and micro level, and hence generate broader economic growth. This is vital, given Mozambique’s remaining high and uneven levels of poverty and unemployment.

In terms of economic growth, research findings confirm that Mozambique is still constrained through a reliance on donor institutions, which has led to extensive privatisation, and more recently the concessioning of ports, rail and roads. At the same time, the country is heavily reliant on the capacity of mega projects and inward investment from countries such as South Africa.

There is always likely to be some debate about the role of donor organisations. The ability of some countries to be able to donate money to others is, in itself, a symptom of global inequality. Moreover, the ability to give money also brings with it the ability to define the conditions under which that money will be given. In the case of the IMF and World Bank, conditionality has involved the privatisation of industry and the concessioning of Mozambique's transport infrastructure. While privatisation seems to have generally received a bad press, due to its hasty implementation and lack of regulatory structures, concessioning appears to have had mixed results. The important point to make here is that it is essential to learn lessons from both the successes and failures in the Mozambique in considering future private sector involvement, but also to take account of lessons learnt elsewhere (see, for example, Dibben et al, 2004; von Holdt, 2006).

Similarly, inward investment is another area that has received very mixed reviews. It is generally accepted that this has led to high levels of GDP, and thus a good reputation for Mozambique, but up until recently, the very favourable taxation concessions have resulted in dubious actual and short-term benefits. Time will tell whether new taxation regimes make a difference here.

In terms of small scale development, there appears to have been some growth in small and medium sized enterprises and the recovery of agriculture. More generally, it is acknowledged that "small and medium sized enterprises form the engine of employment generation, facilitating a shift from the informal to the formal sector" (IMF and IDA, 2006). However, this recovery is set against Mozambique's troubled past, and the neglect of the peasantry during Frelimo's rural development policies in the 1980s and 1990s, with marginal investment and few employment opportunities (Harrison, 2000). More specifically, in the light of the evidence provided above, the existing lack of rural roads, and low maintenance of roads in both the North and even the South of the country is likely to inhibit further development.

An agenda for future research on transport for trade in Mozambique would build on the evidence gathered here, and assess the extent to which future developments generate both broad and localised economic growth. In order to facilitate this, a future research project might include a longitudinal study of foreign direct investment, and an evaluation of the implementation of new taxation regimes. A second project might examine in more detail the historical process of the concessioning of transport infrastructure, and, moreover, track experiences of further developments in this area. A third project might involve the use of Geographical Information Systems to map out the current status of railways, waterway and roads in both urban and rural Mozambique, in order to inform future policy options.

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