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GUEST COLUMN

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By Armando Guebuza

On a continent often described by its problems, many countries, including my own, would rather be defined by the solutions they adopt and the decisions they are implementing.

At the end of a devastating 16-year war in 1992, Mozambique emerged as one of the world's poorest countries with a per capita gross domestic product of about U.S. \$80. Yet, through committed leadership, reform and recovery, real economic growth in our country has averaged more than seven percent for more than a decade now. Though we continue to confront many challenges to our development, the per capita GDP of Mozambicans is on the rise, tripling from \$120 in the 1980s to more than \$300 in 2006.

While debt relief helped spur our growth, we realize that its long-term sustainability will result primarily from the true engine of economic growth: private sector enterprise and investment.

It is no coincidence, consequently, that we have embarked on a number of aggressive reforms to stimulate the growth of private sector activity. We overhauled the financial sector and continue to hold the line on government spending, leading to a significant drop in inflation, from 70 percent in 1994 to 9.4 percent in 2006. We have privatized more than 1,200 state-owned enterprises, often in collaboration with a strategic foreign investor. We encourage private sector participation in infrastructure, where investors are already operating in telecommunications, electricity, water, ports, railroads, and free trade zones. We have liberalized trade by reducing customs duties and streamlining customs administration.

Our trade imbalance is improving as exports multiply, resulting from a number of foreign investment projects. Moreover, by virtue of Mozambique's membership of the Southern African Development Community, producers of goods in our country will access the community's more than 200 million consumers when it opens up from 2008.

Ongoing economic reforms coupled with our political stability—a history of free and fair national and local elections—have not gone unnoticed by the Millennium Challenge Corporation (MCC), an innovative U.S. development assistance model for fighting global poverty through growth. The MCC offers substantial development grants to countries that rule justly, invest in their people and promote economic freedom.

In what is no small feat, Mozambique has qualified for MCC assistance and will apply our

\$506.9 million Millennium Challenge grant toward, among others, removing key barriers to our economic growth by expanding water and sanitation systems and improving roads. Access to safe and potable water, for instance, will give women and girls more time to attend school or engage in income-producing activities, rather than spending hours collecting water. It will lower incidences of waterborne diseases such as malaria and diarrhea, which are leading causes of death in children under five. As houses are connected to water, their asset values will increase. And, as water and sanitation projects come online, the private sector will have opportunities to participate in the construction, operations and maintenance of facilities.

Such development—and the fact that the MCC is willing to invest in our country—make Mozambique an attractive destination for doing business. Our agro-processing, transportation and tourism industries are among those ripe for expansion and investment. Organizations like Overseas Private Investment Corporation, independently or as part of President Bush's new Africa Financial Sector Initiative, recognize private sector investment as key to development and may have roles to play in catapulting these opportunities into win-win ventures for business and Mozambicans alike.

Mozambique also recently graduated to the International Monetary Fund's Policy Support Instrument, designed to provide poor countries with economic policy advice and monitoring rather than loans and financial support. The IMF's deputy managing director says our country's graduation to the Policy Support Instrument sends a "strong signal to donors and private investors regarding the favorable economic environment" in Mozambique.

From poverty to investment, Mozambique proves that transformation is possible. While the world, seemingly, would rather focus on what is not getting done in Africa, Mozambique demonstrates what is under way, and the further progress we can achieve in partnership with private enterprise.

The writer is President of the Republic of Mozambique.

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