

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION

FY 82

MOZAMBIQUE

BEST AVAILABLE

JUNE 1980

**UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
WASHINGTON, D.C. 20523**

FY 1982 Annual Budget Submission
USAID/ZAMBIA
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Mozambique

Table I Narrative

Introduction

A.I.D. does not - at this time - have a bilateral assistance program in Mozambique. A non-waivable provision of the FY 1979 Foreign Assistance Appropriations Act prohibits non-food, direct bilateral assistance to Mozambique. Under the terms of the Continuing Resolution, passed in lieu of the still pending FY 1980 AID Bill conditions established in the 1979 legislation continue to prevail. While the 1980 Bill would maintain the prohibition, there are explicit provisions for a Presidential waiver "in the interest of U.S. foreign policy." It is the expressed policy of both the Department of State and A.I.D. that such a waiver would be sought immediately upon passage of the 1980 Bill.

With the exception of REDSO/EA's Food for Peace personnel, A.I.D. has had no direct contact with the Government of Mozambique (GPRM) since the preparation of the last ABS. Accordingly, the activities presented herein are for illustrative purposes only and are fully subject to negotiation with the GPRM when A.I.D. is permitted to proceed with a program of bilateral assistance.

PART I - Relationship Between FY 1982 AAPL and Direct-Hire Personnel Levels

It has been assumed that initial AID staffing in Maputo will be two direct-hire professional Americans and two foreign national direct-hires. Both officers should be experienced and have project design skills. At least one of the officers should

have a good background in economics which is essential for both the development of the analysis necessary for the preparation of program and sectoral strategies as well as for the elaboration of a new PL 480 Title III program. Such staffing is considered minimal for a program which is projected to undergo a rapid expansion, thus imposing an intense workload of assessment and design. It is important to recognize, that because of the Portuguese language requirement, USAID/Maputo will have greater difficulty than other southern African posts in utilizing the services of either REDSO/EA or the regional personnel of USAID/Mbabane.

PART II - Relationship of Future Year Programs and Personnel Requirements

Doing "more with less" in a priority, new program country such as Mozambique will result in a high proportion of commodity-oriented projects, including the financing of commodity elements of other donor efforts, such as FAO, WHO, and the Nordic countries. Possibilities exist for using PVO intermediaries, but present GPRM policies indicate that large-scale PVO assistance may not be feasible.

Agriculture is clearly the highest GPRM development priority and a sector which will be considered appropriate for U.S. concentration. Nevertheless, there will also be GPRM interest in receiving U.S. assistance in other sectors, including health, manpower training (not formal education), and transportation. Because of in-country AID staffing limitations, bilateral assistance to these sectors will have to be either bypassed or limited

only to the provision of commodity support for other donor programs.

Because of its critical port and rail facilities as well as its excellent potential for food production, Mozambique will have a particularly important role to play in the emerging strategy of southern Africa regional cooperation. As such, Mozambique should benefit directly from a number of AID's Southern Africa Regional projects - particularly in the transport sector.

Because a substantially increasing bilateral program (a four-fold increase between 1982 and 1986) as well as a major role in AID's Southern Africa Regional Program, it may be essential to increase AID resident staff in Maputo to four or five by 1983.

Because of GPRM security regulations, it will be difficult to employ Mozambique nationals, particularly at the professional level. However, even were the security concerns relaxed, Mozambique's need for trained professionals is so compelling that AID competition in this market would be counterproductive to the development objectives of our program.

FY 1982 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Development Assistance	FY 1980 EST.	FY 1981 EST.	Decision Unit			PLANNING PERIOD			
			FY 1982 REQUEST			1983	1984	1985	1986
			MIN	CURR	ANL				
None									
<u>Economic Support Fund</u>									
Grant	3	9	15	15	15	18	25	35	40
Loans	-	-	-	-	-	-	-	-	-
Total DA and ESF	3	9	15	15	15	18	25	35	40
PL 480 (non add)									
Title I	5	5	5	5	15	20	20	25	25
(of which Title III)	-	5	5	5	15	20	20	25	25
Title II	3	5	5	5	8	10	12	15	15
Total Personnel									
USDH	-	2	2	2	2	4	4	5	5
FNDH	-	2	2	2	2	3	3	3	3

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
FY 1980 TO FY 1982
(\$ thousands)

Decision Unit Mozambique

<u>APPROPRIATION ACCOUNT</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FISCAL YEAR 1982</u>		
			<u>MINIMUM</u>	<u>CURRENT</u>	<u>AAFL</u>
<u>Economic Support Fund</u>					
656-0201 Agricultural Sector Program (G)	3,000				
656-0202 Agricultural Production and Marketing (G)		9,000			
656-0203 Agriculture (Project to be Identified)			15,000	15,000	15,000
Total ESF	3,000	9,000	15,000	15,000	15,000

TABLE IV PROJECT BUDGET DATA

Mission	Project	U.S. AID/UNEP	OBLIGATION DATE		DATE OF NEXT PLANNED MAJOR ACQUISITION	ESTIMATED % OF FUNDING AVAILABLE AS OF 9/30/79	FY 1980		FY 1981		FY 1982	FORWARD FUNDED TO (MAY/81)	FUTURE YEAR OBLIGATIONS
			INITIAL	FINAL			US\$	EXPEND.	US\$	EXPEND.			
056-0201	Agriculture Sector Program	G	FY 80	FY 80	*	NA	3,000	*	*	---	3,000	5,000	
056-0202	Agric. Production and Mkt	G	FY 81	FY 81	*	NA	---	---	---	9,000	4,000	5,000	
056-0203	Agric. (To be Identified)	G	FY 82	FY 82	*	NA	---	---	---	---	---	---	
	Total						3,000	*	*	9,000	7,000	5,000	15,000

AID 1980 # (4-80)

*At present, there is no AID Mission in Mozambique, consequently, all projects are illustrative.

MISSION UNIT
Mozambique

ESTIMATED % OF FUNDING AVAILABLE AS OF 9/30/79

FY 1982
SAPL
US\$

FORWARD FUNDED TO (MAY/81)

FUTURE YEAR OBLIGATIONS

NEW PROJECT NARRATIVE (TABLE IV)

Agriculture (to be identified) 656-0203

As discussed in the Table I Narrative, at this writing, A.I.D. has no bilateral assistance program in Mozambique. While it is reasonably certain that A.I.D. activities in Mozambique will be concentrated in the agricultural sector, it is not possible or meaningful (at this time) to identify or differentiate specific project interventions. This level of detail will be possible only after the Congressional ban on bilateral assistance to Mozambique is lifted.

TABLE V. FY 1982 PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGES/PROGRAM ACTIVITY	PIPELINE/ DRAGAGE/ REV	LD/AN/ DRANT	APPROP. ACCT.	PROGRAM FUNDING		WORK FORCE (Number of Positions)							
					INCR	CUM	INCR	URDH	CUM	INCR	URDH	CUM		
	<u>Decision Package Minimum</u>													
	<u>Pipeline Projects</u>													
	656-0202, Agricultural Production & Mktg	P	G	ESP	(5,000)	(5,000)	2	2	2	2	2	2	2	2
	<u>New Projects</u>													
1.	PL 480 Title I				(15,000)	-	-	2	-	-	2	-	2	2
2.	PL 480 Title II				(8,000)	-	-	2	-	-	2	-	2	2
3.	656-0203, Agriculture	N	G		15,000	15,000	2	2	2	-	2	2	2	2
	Sub-Total Minimum Package				15,000	15,000	2	2	2	-	2	2	2	2
	<u>Decision Package Current/AAPL</u>				-	15,000	-	2	-	-	2	-	2	2
	Total Current/AAPL Package and Related Workforce				-	15,000	-	2	-	-	2	-	2	2

Bureau Code: Mozambique
Decision Code:

Decision Package Narrative

As the commencement of AID bilateral assistance to Mozambique does not appear to be imminent, the level of detailed information required for decision package differentiation is not available. Under the operative legislative restrictions on aid to Mozambique, PL 480 activity is permitted. Such assistance will be increasingly significant as Mozambique's recent history of food supply problems escalates as part of a regional (east African) drought-related crisis.

To date, Mozambique has never received its requested Title I levels. At present, there is no Title II program, although its desirability is being intensively discussed with the GPRM. For the United States to be able to retain a limited image of responsiveness to Mozambique's needs, the highest priority must be given to meet minimum level PL 480 requirements.