

Annual Budget Submission

FY 1987

MOZAMBIQUE

BEST AVAILABLE



JULY 1985

Agency for International Development
Washington, D.C. 20523

**THIS BUDGET SUBMISSION HAS BEEN
PREPARED BY THE A.I.D. FIELD MISSION.**

**IT IS PREPARED ANNUALLY AND USED
FOR PLANNING PURPOSES IN THE FIELD
AND IN WASHINGTON.**

**IT DOES NOT REPRESENT
OFFICIAL AGENCY POLICY.**

FY 1987 ANNUAL BUDGET SUBMISSION

MOZAMBIQUE

Table of Contents

<u>Section/Table</u>	<u>File Name</u>	
Action Plan	ACTPLAN	wp
Table I	TABLEI	mp
Table III	TABLEIII	mp
Table IV	TABLEIV	mp
Pipeline/Mortgage Estimate	TABLEA	mp
Overall Budget Analysis	TABLEB	mp
Non-Bilateral Activities	NONBILAT	mp
Table V	TABLEV	wp
New Project Narratives	NEWPROJ	wp
Local Currency Use Plan	LOCCURPL	wp
Table VI	TABLEVI	mp
Table VII	TABLEVII	wp
Mission Operating Expense Narrative	MOPEXNAR	wp
Table VIII	TABLEB	mp
Adjusted Table VIII	ADTABLEB	mp
Table VIII(a) to (g), including individual adjusted tables	TABLEBAG	wp
P.L. 480 Narrative	PL480PL	wp
Table XI	TABLEXI	wp

mp = MultiPlan, Version 1.06.05

wp = WANG Word Processing, Release 2.00

Operating System: BIOS 1.21, MS-DOS 2.01

Automated Equipment Used: WANG PC

ACTION PLAN

A. STRATEGY RECAP.

Until FY1984, the U.S. assistance objectives in Mozambique were generally short-term in nature, motivated by humanitarian and relief concerns arising from the drought disaster and food emergency conditions. Food assistance was provided to alleviate human suffering, malnutrition, and starvation brought about by the drought, rural insecurity, traditional cereal deficits, and economic policies which acted as a disincentive to surplus production. In 1984, Mozambique was the largest single recipient of P.L. 480, Title II assistance.

In September, 1984, as a consequence of Mozambique's opening to the west, its positive contributions to peaceful change and stability in Southern Africa, and its pragmatic new economic directives, the United States signed an \$8,000,000 Private Sector Rehabilitation Grant. This combined commodity import and technical assistance program sought to demonstrate the economic viability and productive capacity of the private commercial sector, to support the GPRM's initiatives to encourage the private (family and commercial) farmer, and assist in meeting the critical demand for managerial and technical skills needed to support private sector growth.

A Mozambique Country Development Strategy Statement (CDSS) remains to be detailed. We propose that the CDSS be prepared during the last quarter of FY1985 and the first of FY1986.

In the interim, provisional goals are guiding our first year of activity. Our development objectives are to support the GPRM's pragmatic policy changes to promote the private sector and to provide the necessary means of production to accelerate and sustain increased productivity.

B. SELF-APPRAISAL OF BENCHMARK ACHIEVEMENTS DURING FY1984 AND THE FIRST HALF OF FY1985.

This is the first year of a development-related program in Mozambique. As the AID Affairs Office was created in October, 1984, there has been no previous ABS. Consequently, no benchmarks for operational objectives have been formally developed. AAO/Maputo has, however, registered significant achievements, administratively and programatically, in its first seven months of existence.

Our first objective was to establish an AID presence. To that extent, an office building was bought, three residences were secured, residential and office furnishings were procured and delivered, staff was recruited (for two of three USDH positions and all three FSN positions), and office procedures were formulated.

Delays were encountered due to the extreme scarcity of office/residential space, the lack of candidates for some US and FSN positions, and the heavy workload (which proceeded from the competing interests of a food emergency, natural disasters, a new development program, and administrative start-up). The almost total reliance on USDH TDY's to staff the office during this period impaired the operational efficiency of the program.

The most pressing operational objectives was to identify the unmet needs for food and to combat malnutrition by providing emergency food assistance. The programming of 120,000 MT of P.L. 480 commodities --- and the arrival of more than 70 percent by the end of May --- effectively reduced the food deficit gap to manageable proportions.

Key implementation problems include rural insecurity, the lack of internal transportation (due to the scarcity of trucks, fuel, and spares), the dearth of information and communication channels, the reduced level of on-site monitoring (due to physical inaccessibility and dangers of insurgency), and the hesitancy of PVO's to undertake direct cooperating sponsor programs under Title II.

A less obvious objective was to provide relief and rehabilitation in the aftermath of natural disasters. In February, floods inundated drought-impacted areas, washing out bridges and carrying away segments of a vital north-south highway. The lack of a timely AID response to the repair of that road led the GPRM to secure assistance from another donor.

In March, a storm toppled the high-tension line supplying energy to all of Southern Mozambique. This time --- within twenty-four hours of the GPRM request --- the U.S. was the first donor to signal its support in the energy crisis by pledging \$250,000 to fuel an alternate energy source. Both of these disasters drained already scarce manpower and diverted the staff from developmental goals to the preparation of situation reports, the design of an emergency project, and the contracting of commodities.

In order to achieve our objective of demonstrating the productive capacity of the commercial farming sector, we are implementing a commodity import program which, in part, targets capital equipment (trucks, tractors, related spares and implements, and irrigation pumps/engines) and inputs (seeds and fertilizers) to commercial agricultural enterprises in two geographic areas. All items benefitting this sector have been delivered for distribution or are on the high seas. Delays were minimized by the efforts of a commodity management officer (on a five-month TDY), who had to track more than 90 commodities, imported by seven different firms (which had never dealt with AID regulations before), and had to resolve letters of credit problems arising between a U.S. bank and the Bank of Mozambique.

Our objective to support the GPRM's initiatives to increase agricultural production through the private, family sector was also furthered through the provision of animal-traction implements, hand tools, and seeds. By mid-June, almost all of these items will be in Mozambique. The major delay factor arose from the importer's evaluation process: to ensure end-user satisfaction, hand tool samples were requested and utilized in the field for a few weeks before firm orders were placed.

Of the \$6,000,000 commodity import component of the Private Sector Rehabilitation Program, only some \$50,000 of commodities originally requested remains to be procured. Highly competitive prices resulted in a \$900,000 surplus, which has been re-programmed for more seeds and irrigation equipment. Requests for quotation on these will be telexed by the end of June.

The commodity import program has assisted in achieving a complementary goal to support to regional cooperation and trade flows within Southern Africa. Such items as seeds, tractor and oxen-drawn implements, pumps, hand tools, sprayers, and boots were imported from SADCC member-states.

To ensure that Mozambique benefits to the maximum extent possible from regional coordination, our limited staff resources have been used to provide logistic support to regional project design teams (especially for the transport and agricultural sectors). We have brought to the attention of appropriate officials (in the agricultural research and management training fields) various opportunities available to Mozambique under AID regional projects.

Another operational objective is to assist the GPRM develop the management and technical skills essential to support and encourage a dynamic private sector. To this end, we are implementing a flexible technical assistance and training grant (\$2,000,000). Thus far, approximately \$1,100,000 has been earmarked for three activities: CIP monitoring and evaluation, promotion of foreign private investment in an ammonia project, and a computer-assisted external debt management system (and related advisory services) for the Bank of Mozambique.

As yet, no contracts have been signed for the last two activities; the GPRM's request for sole source procurement and a change in sub-project approval entity (from AID/W to REDSO/ESA, with legal and financial input from Mbabane) have prolonged the contracting process. No proposals have been defined for the residual \$900,000, due in part to the lack of a Memorandum of Understanding on trilateral (Mozambique-Portugal-U.S.) activities, the lack of proposal specificity, and an uncertain delineation of project management responsibilities.

A final operational objective is to encourage the GPRM's efforts at policy reform. As a prelude to an effective and supportive dialogue on initiatives needed to resuscitate the Mozambican economy, the AID Affairs Office is establishing and strengthening close and collaborative working relationships with counterparts in the Bank of Mozambique and the Ministries of Finance, Agriculture, Internal Commerce, External Commerce, and Planning. In most cases, our colleagues have had no prior experience or contacts with AID.

These new bonds of understanding and confidence are essential to the commencement and successful conclusion of a policy dialogue. Perhaps our encouragement and support --- and that of other international financial and donor agencies --- resulted in the May 6 declaration of the National Salary and Prices Commission to increase significantly the consumer and producer prices of staple agricultural commodities and de-control totally the prices of vegetables, fruits, and certain other agricultural commodities.

C. FORWARD PLAN.

A fundamental objective of our program is to provide direct support to the Mozambican private agricultural sector. While the focus is on the entire private sector (both family and commercial farmers), an important goal is to demonstrate the surplus productive capacities of a freely-operating commercial sub-sector.

The management requirements, under the first two commodity import programs, include the provision of capital equipment, agricultural inputs, and other commodities in short supply. We will be targetting the imports to discrete geographic areas, so as to enhance the prospects of effective benefit to private farmers, to monitor more closely the impacts of our assistance, and to demonstrate clearly the productivity of the private sector.

With succeeding CIP's, we will add more agricultural inputs and increase the levels of funding, expand the program and replicate its private sector demonstration effects in other geographic areas, and import other commodities (at first, on an experimental basis), such as raw materials, building materials, diesel fuel, and consumer goods. Monitoring and evaluation will be essential components of the program to ensure that only the private sector receives inputs, to verify the agricultural productivity increases, to identify the linkages between incentive or consumer goods and food production, and to document the transformation of raw materials into finished goods in demand in the rural areas.

Under the FY1984 CIP, our implementation benchmarks include:

- import of all commodities by October 1985;
- provision of capital equipment to forty commercial farmers and expenditure of \$200,000 on repair/rehabilitation of existing tractors by December 1985;
- increasing agricultural production of beneficiaries by twenty percent and surplus food production in the target areas by ten percent; and
- ceding more land and allotting more factors of production by the GPRM to the private sector in the target areas.

Under the second CIP, we will seek to import all items within eight months of grant agreement signature. By December 1986, at least fifty commercial farmers will have purchased AID-financed capital equipment and \$300,000 will have been

spent on truck and tractor rehabilitation. We will add a new target area, where marketed production will increase by at least ten percent (with beneficiaries' production increased by twenty percent). In the new target area, the increased private sector productivity will result in more factors of production being allotted to the private sector. Finally, by December 1986, all raw material imported will have produced finished goods.

In light of the Mozambique's critical shortage of foreign exchange, the commodity import program will continue into the foreseeable future. For FY1986 and FY1987, we will design projects which will:

- add more raw materials each year for incentive or consumer goods in short supply in rural areas;
- if feasible, expand the geographic identity of the project by adding new areas each year; and
- include consumer goods which are in high demand in rural areas and which enhance prospects for increased private sector productivity.

The third Private Sector Rehabilitation Program will be designed in January 1986, calling for incremental funding in FY1986 and FY1987. It will be the first project to be guided by the strategy delineated in the CDSS. It will continue the CIP and technical assistance components of earlier years, but at a higher level (with all obligations from ESF to ensure maximum flexibility).

We propose that the FY1986 obligation of \$17,000,000 be followed in FY1987 with an additional \$20,000,000. While this is higher than approved planning levels, we believe the funding will be needed to assist in mitigating short-run dislocations resulting from significant policy reforms which may be undertaken by the GPRM.

The second operational objective of our program is to provide technical consultants to encourage private sector growth, either by direct assistance to the entrepreneur or through governmental and parastatal entities, which are essential to such growth. Our current experience with the implementation of the FY1984 technical assistance component of the private sector rehabilitation program and the design of the FY1985 grant leads the AID Affairs Office to suggest the following management steps:

- a clarification of the managerial center of the program, with appropriate delegations of authority residing in Maputo;
- a clarification of what we mean by trilateralism and the identification of specific activities to which it shall apply;
- the identification --- for both the short-term and the longer-term --- of a entity which will manage the technical consultancy procurement process for the GPRM;
- the limitation of the number of discrete activities to ensure manageability with limited AAO/Maputo staff resources;
- until a CDSS is prepared and approved, the restriction of training activities to business/public administration, economics, and agriculture;
- the channeling of all training through the cooperating agreement established by the AFGRAD III Program; and
- the design of a separate training project in FY1986 or FY1987.

Rather than utilizing both DA and ESF funding, as indicated in the AAPL guidance, we propose that funding for technical assistance and training come exclusively from the ESF appropriation to allow maximum flexibility in programming.

To implement effectively the technical assistance component, by the end of FY1985, full delegations of authority should be vested in Maputo, with legal, financial, and possibly contracting services provided from USAID/Swaziland. Also, by the end of FY1985, decisions on trilateral arrangements --- memorandum of understanding, identification of specific activities, minimum proportional financial participation, etc. --- should be made, with the designation of Maputo as the forum for meetings of the trilateral group. In this way, the management of both the bilateral and trilateral program will be established by October 1985.

In light of the delays in moving forward with the FY1984 TA program, renewed efforts will be required of AAO/Maputo, REDSO/ESA, and the Regional Legal Advisor and Controller in Mbabane to approve the Lehman Brothers and Arthur D. Little contracts by July 1, 1985. Other elements of the FY1984 program, as well as the scope of work for a management entity for the technical assistance program, will be identified by

July 1, with the preparation of all requests for proposal and the advertising in the Commerce Business Daily by August 15, 1985. (This will require an extended TDY in Maputo by a contracting officer to define statements of work and to assist the government in advertising and finalizing an RFQ.)

Until a contract with a management entity is concluded (by February 1986), IQC work orders will be issued, on a case-by-case basis, to define the statements of work and engage the contracting process for the FY1985 activities. There will be no more than five FY1985 activities (excluding training), of which only one will be with a Ministry or entity not included in the FY1984 program.

Until such time as human resources development becomes a discrete project (in either FY1986 or FY1987), training activities will be channelled through AFGRAD III, as follows:

- for the 1986-87 school year, ten undergraduate and five graduate fellowships (of which one and two, respectively, are AFGRAD-financed); and
- for the 1987-88 school year, ten undergraduate and five graduate fellowships (of which three and one, respectively, are AFGRAD-financed).

In keeping with the need to provide professional talent to Mozambique, without depleting the current managerial manpower, the emphasis will be on undergraduate education, continuing the AFGRAD III strategy of two undergraduate fellowships for each graduate one. Half of all fellowships will be granted to women. One third of all graduate fellowships will be made to private sector candidates. Such long-term training will be in the primary areas of business, public administration, and economics, with a secondary emphasis in agriculture. Representatives of the Afro-American Institute will be invited by the end of FY1985 to commence the training element of the technical assistance program.

The third operational objective is to provide for the long-term managerial and technical manpower needs of Mozambique in both the public and private sectors. We propose that in FY1986 a separate human resources development project be designed to provide undergraduate, graduate, and post-graduate training in the United States, Portugal, Brazil, or the Southern African region. The project would be implemented through a cooperating agreement and will include a "buy-in" feature for potential placement through AFGRAD III, AMDP II, or various projects in the Southern African Regional portfolio.

Given the exceptional circumstances of a reduced manpower pool in Mozambique, this project, at a \$2,000,000 ESF level, is additional to either the \$17,000,000 for FY1986 or \$20,000,000 for FY1987. To define the areas for training, \$70,000 in PMR funding is required for a needs assessment, which will be undertaken in December 1985.

The fourth operational objective is to engage a supportive dialogue, encouraging policy reforms. The basis of a dialogue is the understanding of the dynamics of the Mozambican economy: how the various sectors interrelate; how environmental, cultural, social, and political forces impact the economy; what is the realm of the possible in the face of ideology and a threatening security situation. We must also separately analyze the reform recommendations of other donors or international financial institutions to determine our degree of agreement, study the options available to the GPRM, and the consequences of action (or inaction). These analyses should be undertaken in late FY1985 or early FY1986 (but no later than December 1985) and coordinated with the development of a CDSS, under a PMR-funded IQC (approximately \$50,000).

In conjunction with the Embassy, we must formulate a strategy and identify points of personal contact to maximize prospects of success. To appraise ourselves of the economic consequence of certain GPRM decisions, up-date and advise the Embassy on the then-current economic situation, put into perspective policy initiatives, and develop programs which will support GPRM initiatives, AAO/Maputo will need economic advisory services from consultants who specialize in developing economies and are knowledgeable about Mozambique.

To retain such services for approximately two weeks of consultations each quarter, we propose PMR financing for FY1986 and FY1987 in the amount of \$40,000 each year. As reforms may mean severe economic dislocations in the near- and medium-term, these economic services would also identify ways and means to mitigate such problems through, if necessary, increased foreign assistance flows. The strategy that AAO/Maputo will follow is presented in the policy dialogue plan.

The final operational objective --- that of providing for the emergency food needs of Mozambique --- arises from the traditional grain deficits and the prolonged effects of the drought. The life-threatening consequences of a food gap requires our provision of more than \$20,000,000 in P.L. 480 assistance and our efforts to ensure receipt by those in need.

Our secondary aim is to develop the institutional capacities of the Department for the Prevention and Combat of Natural Calamities (DPCCN - the GPRM's disaster relief coordinating unit) to acquire, transport, store, monitor, and plan for food and relief supplies.

We will once again attempt to induce private voluntary organizations (specifically, World Vision and CARE) to undertake Title II programs --- if possible, on a regular program basis. By October 1985, continuations of the World Vision and Church World Services emergency program must be authorized, if we are to save lives in Gaza, Inhambane, Tete, Sofala, and Manica Provinces in the critical months (January to April) just before the next harvests.

In order to assist DPCCN and enhance prospects that our assistance will directly help those in need in a timely manner, we will be proposing, by October 1985, the continuation of and improvements in CARE's OFDA-financed grant. Prior to such a recommendation, however, we will be evaluating the performance of CARE and reviewing the critical elements needed for an adequate emergency food logistics support system in Mozambique. We foresee the need for OFDA participation in such an evaluation to be held in Maputo, with joint visits to provincial sites, as necessary.

Realistically, Mozambique will remain a food deficit nation well into the future. The cumulative effects of the drought, rural insecurity, an atrophied economy, and inadequate marketing and transport networks will not be remedied before the 1990's. The country's desperate foreign exchange and external debt position mitigate against normal commercial sales of food commodities.

Against such a background, continued P.L. 480, Title I assistance of \$18,500,000 (rather than the AAPL levels of \$11,000,000) is not unreasonable. Our planning for food assistance calls for more Title I, than Title II. The commodity mix for Title I would be more diversified than is now the case, adding beans (for nutritional balance) and inedible tallow (for the production of soap). All Title I commodities would be sold and would essentially satisfy the food needs of urban areas.

Title II inputs will remain mostly Government-to-Government, with almost all such food being monetized. The GPRM is loathe to doling out food to those who can afford to pay. As security

conditions in the countryside improve, we anticipate that FVO's will agree to undertake cooperating sponsorship of regular Title II Programs. During FY1985 and FY1986, as part of our Title II Program, we will attempt to utilize tripartite mechanisms to import Zimbabwean or Malawian white corn. This will allow a quicker, more timely response to areas of greatest need in interior Mozambique.

Non-bilateral activities now constitute an important part of the over-all program and will become even more significant by FY1987. As indicated above, we will be participating in both Africa Bureau (AFGRAD III and AMDP II) and Southern Africa Regional (agricultural research, agricultural and management training, and transportation development) programs.

Currently, AAO/Maputo is supporting the project design process of key regional projects. The Railway Improvements I and II projects, which impact significantly on the three rail lines in Mozambique, will require substantial logistic, administrative, and program support by the AID Affairs Office (or Mission) in Maputo. The Beira Rail Line Rehabilitation and Shippers' Communications System projects (both scheduled by the regional office for FY1987 obligation) will necessitate logistic services during design and development and will engage more professional monitoring responsibilities during implementation.

Our current authorized level of four U.S. Direct Hires is barely adequate to cover the implementation of our relatively small FY1984 grant and our more ambitious FY1985 program (including P.L. 480, disaster grants, and Section 416 dairy donations). With the up-coming requirements for evaluations, a more varied technical assistance portfolio, the initiation of a separate training project, workload increases in the CIP (more target areas, different commodities to monitor, and greater transactional volume), the support to and integration with Southern Africa regional activities, the planning for future developmental programs, the increased monitoring of P.L. 480 activities, and the preparation for and engaging in policy dialogue --- all of these will require more staff and the creation of a full mission.

In the operating expenses portion of this submission, we are presenting an adjusted budget, based on the authorized ceilings of four U.S. Direct Hires in FY1985, five in FY1986, and seven (rather than the "authorized" five) in FY1987. We believe that the Director, Assistant Director, Food for Peace Officer, and Commodity Management/Executive Officer should be supported in

FY1986 by a Secretary. With higher levels of funding and concomitant planning and implementation responsibilities, that minimal staff will have to be assisted by a Controller and an Economist (as well as an international development intern) in FY1987. Our intention is to maintain a small staff which is program-oriented, minimizing as much as possible administrative and general services personnel. We will be relying on the Administrative Section of the Embassy for these support services.

The Mozambique program is less than a year old and has been guided by an interim assistance strategy. During August 1985, AAO/Maputo will commence the process of defining a longer-term set of goals in a country development strategy statement. We project approval of the CDSS by January 1986, prior to the design of FY1986 activities. Approximately \$40,000 in PMR funding will be needed to field a team (consisting of at least a senior general development specialist, and economist, and a human resources specialist) to draft major segments of the CDSS.

D. POLICY DIALOGUE PLAN.

Any policy dialogue in Mozambique proceeds from a recognition of U.S. foreign policy goals in Southern Africa and the positive role that the GPRM has played in regional stability and peaceful change. The dialogue must be in accord with overall U.S. interests to strengthen Mozambique's ties to the West and support the GPRM's initiatives to move gradually to a more market-oriented economy. It must take into consideration the potential social, political, and economic dislocations which may result, the realm of what can be accomplished in the face of rural insurgency, and the fact that new policy initiatives are undertaken only after a broad-based consensus has been achieved within the GPRM.

Our development-related program has been in Mozambique for less than a year. An AID Affairs Office was established in Maputo some seven months ago. The personal and professional relationships, which are so important in the Mozambican context to the engaging of a substantial dialogue, need to mature. We must first establish a presence, demonstrate our developmental concern for Mozambique, and provide tangible assistance, before a realistic dialogue can be undertaken.

Thus far, the guiding principle has been to encourage reforms by the GPRM and to support the leading role of the international monetary fund and the World Bank in engaging a dialogue. AAO/Maputo believes that we should continue the policy of allowing the international financial institutions to set the tone and pace of dialogue.

In the absence of a CDSS, of our own detailed analysis of the Mozambican economy and potential resolutions to its problems, or of a defined recovery program by the IMF or World Bank, only low-profile informal approaches should be made. This is especially true in light of the hesitancy of other bilateral donors to involve themselves in a policy dialogue.

We have been guided by this philosophy, thus far, in our assistance program. During the design of the Private Sector Rehabilitation projects and the negotiations for a P.L. 480, Title I Agreement (and subsequent amendments), the Acting AID Affairs Officer (at the national director level) and the Ambassador (At the Ministerial level) have expressed our concerns on incentive producer and non-subsidized consumer prices, encouraged further action by the GPRM to allocate more

means of production to the private sector, and noted the benefits of divestiture and of requiring parastatals to operate at a profit in a more open-market system. During our current discussions on the FY1985 program, we have indicated our disappointment with the lack of GPRM movement on the sales price of high-valued capital equipment financed by AID.

Our representations have been firm, but low-key. Consequently, there have been some significant accomplishments.

In early 1985, the GPRM presented a series of projects to international donors, all of which target inputs and incentive (consumer) goods to the private agricultural sector. In the continuation of large bilateral programs (e.g., with the Nordic nations), the GPRM focussed assistance to the family and commercial farmer and to the private entrepreneur in rural areas. A new foreign exchange regime was promulgated, whereby firms which generated foreign earnings were allowed to retain a percentage to ensure the re-supply of the economic cycle of the enterprise.

Most significantly, on May 6, after a day-long session with business and industrial leaders, the GPRM announced potentially far-reaching economic reforms. Parastatals were separated from the state and were directed to compete in the marketplace and produce a profit. Incentives and merit pay, for managers and workers, in both parastatals and private enterprises, were encouraged. The new foreign exchange regime was to be modified to allow access to more firms and reduce even further the bureaucratic delays in obtaining import licenses.

To stimulate agricultural production and reduce consumer subsidies, the prices of such staples as corn, rice, wheat, peanuts, and beans were increased substantially (in some cases, by 100 percent). To resuscitate the cattle and farm animal market, prices of meat, chicken, and eggs rose (in some cases, in excess of 100 percent). Finally, the government totally de-controlled the prices of fruits, vegetables, onions, sweet potatoes, mandioca, and some farm animals.

Over the long-run, the GPRM will have to deal with more difficult policy questions, such as the exchange rate, the de-control of staple food prices, the establishment of a market-oriented economy, and the gradual elimination of highly-centralized, economic planning. This will require time, the introduction of AID-financed high-level economic advisors (to identify problem areas and step-by-step solutions), the

exposure of GPRM leaders to successful reforms undertaken in other nations, the long-term process of training key GPRM staff in economic analysis and business/public administration, and the leadership of the IMF and World Bank in prescribing realistic measures and ensuring broad-based international financial resources to mitigate short-run dislocations.

Ours should be a supportive role: financing foreign expertise, exposing Mozambicans to other economies that have weathered similar economic trauma, and developing a manpower pool to induce the earlier arrival of a market-based economy and a thriving private sector. Positive, rather than conditioned, assistance will be necessary. The pragmatic and deliberate Mozambican may need to use economic assistance to mount a demonstration or pilot project, in order to observe the benefits --- and consequences --- of proposed reforms before applying them nation-wide. Other reforms may have serious short-term dislocation consequences; in order to secure the longer-term benefits, significant increases in levels of U.S. assistance may be required.

As a general principle, AAO/Maputo believes that we should provide assistance at increasingly higher levels to encourage reforms, rather than deny assistance unless certain reforms are undertaken. Our programs provide us the opportunity to discuss economic initiatives, but not necessarily the leverage to induce change. However, at this early stage in AID-GPRM relations, without such financial commitment, policy dialogue --- much less, policy reforms --- would be impossible.

E. PLANNED EVALUATIONS AND DEVELOPMENT INFORMATION.

As AAO/Maputo is only in its first year of existence and, as yet, has no CDSS, planned evaluations include only those which are routine and project-oriented (reviewing to what extent articulated goals and objectives were achieved). An evaluation for the first commodity import activity is scheduled for the first quarter of FY1986, while the initial, mid-project evaluation for the technical assistance component will not be undertaken before May, 1986. Financing for both evaluations (through an outside FSC) is included within the Private Sector Rehabilitation I Program.

Although the CIP evaluation will be project-related, it will be significant in reviewing and documenting the extent to which our first assistance has benefited the private sector. In addition to its usefulness in responding to Congressional inquiries, AAO/Maputo will channel evaluation results into the development of the Country Development Strategy Statement. As the agriculture and private sector focus of the program will be a central issue addressed in the CDSS, the evaluation will allow us to assess the effectiveness of the non-project mode in the delivery of our assistance.

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$'000)

	FY 1984		FY 1985		FY 1986		FY 1987		PLANNING PERIOD			
	ACTUAL ESTIMATE	CP ESTIMATE	CP ESTIMATE	AAPL	CP ESTIMATE	AAPL	CP ESTIMATE	AAPL	1988	1989	1990	1991
AGRICULTURE, RURAL DEV. & NUTRITION												
TOTAL	1000	2000	---	---	---	---	---	---	---	---	---	---
GRANTS	1000	2000	---	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
POPULATION												
TOTAL	---	---	---	---	---	---	---	---	---	---	---	---
GRANTS	---	---	---	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
(CENT PROC COMMOD)												
HEALTH												
TOTAL	---	---	---	---	---	---	---	---	---	---	---	---
GRANTS	---	---	---	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
EDUCATION & HUMAN RESOURCES												
TOTAL	---	---	---	---	---	---	---	---	---	---	---	---
GRANTS	---	---	---	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
SELECTED DEVELOPMENT ACTIVITIES												
TOTAL	---	---	---	---	---	---	---	---	---	---	---	---
GRANTS	---	---	---	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
SUBTOTAL FUNCTIONAL ACCOUNTS												
TOTAL	1000	2000	---	---	---	---	---	---	---	---	---	---
GRANTS	1000	2000	---	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
INTERNATIONAL DISASTER ASSISTANCE												
TOTAL	890	250	---	---	---	---	---	---	---	---	---	---
GRANTS	890	250	---	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
TOTAL DA ACCOUNTS												
TOTAL	1890	250	2000	---	---	---	---	---	---	---	---	---
GRANTS	1890	250	2000	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
ECONOMIC BUYPURI FUNU												
TOTAL	7000	13000	15000	17000	22000	22000	22000	22000	22000	22000	22000	22000
GRANTS	7000	13000	15000	17000	22000	22000	22000	22000	22000	22000	22000	22000
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
DA AND ESF TOTAL												
TOTAL	8890	13250	17000	17000	22000	22000	22000	22000	22000	22000	22000	22000
GRANTS	8890	13250	17000	17000	22000	22000	22000	22000	22000	22000	22000	22000
LOANS	---	---	---	---	---	---	---	---	---	---	---	---
PL 480 (non-add)												
TITLE I	---	(17000)	(10000)	(18500)	(18500)	(18500)	(18500)	(18500)	(10000)	(10000)	(10000)	(10000)
TITLE III	---	---	---	---	---	---	---	---	---	---	---	---
TITLE II	(15531)	(17898)	---	(11000)	(10000)	(10000)	(10000)	(10000)	(10000)	(10000)	(10000)	(10000)
HOUSING GUARANTIES												

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION
(\$000)

PROJECT NO.	APPROPRIATION ACCOUNT TITLE	L/G	FY 85 ESTIMATE	FY 86 ESTIMATE	FY 87 AAFL
656 MOZAMBIQUE					
ECONOMIC SUPPORT FUND					
645K604	PRIVATE SECTOR REHAB II: COMMODITY IMPORT	G	11000	---	---
656K605	PRIVATE SECTOR REHAB II: TECH ASSISTANCE	G	2000	---	---
656K606	PRIVATE SECTOR REHAB III: COMMODITY IMPORT	G	---	15000	18000
656K607	PRIVATE SECTOR REHAB III: TECH ASSISTANCE	G	---	2000	2000
6450204	HUMAN RESOURCES DEVELOPMENT	G	---	---	2000
	FMR REQUIREMENTS	G	(90)	(130)	(70)
	APPROPRIATION TOTALS		13000	17000	22000
	GRANTS		13000	17000	22000
	LOANS		---	---	---
	DA AND ESF ACCOUNT TOTALS		13000	17000	22000
	GRANTS		13000	17000	22000
	LOANS		---	---	---

Country: Mozambique
 TABLE A - PIPELINE/MORTGAGE ESTIMATES
 FY 1984 - 1991
 (\$000s)

Project No. & Title	Current Auth. LOP	Proposed Amended LOP	FY 84 Pipeline	FY 85 Pipeline	FY 86 Pipeline	FY 87 Pipeline	Mortgage-Remaining LOP Oblig. FY 88-beyond	PACD	
DEVELOPMENT ASSISTANCE									
1. ARDN									
656-0201, Priv. Sector Rehab. I	1000	N/A	1000	950	450	0	0	9/30/87	
2. ESF									
656-0201, Priv. Sector Rehab. I	7000	N/A	7000	2600	0	0	0	9/30/85	
656-0202, Priv. Sector Rehab. II	0	N/A	0	10700	3000	0	0	9/30/86 9/30/89	Est. for CIP Est. for T.A.
656-0202, Priv. Sector Rehab. III	0	N/A	0	0	12000	25000	0	9/30/87 9/30/90	Est. for CIP Est. for T.A.
656-0204, Human Resources Devel.	0	N/A	0	0	0	2000	0	6/30/92	Est.
Country Total	7000		7000	13300	15000	27000	0		

Country: Mozambique

TABLE B
Overall Budget Analysis - Mortgage by FY as Percent of OYBs
(\$000s)

	OYB Level	Mortgage as Percent of OYB
FY 85		
- (DA)	0	0.0000
- (ESF)	13000	
FY 86		
- (DA)	0	1.1764
- (ESF)	17000	
FY 87		
- (DA)	0	0.0000
- (ESF)	22000	

FY 1987 ANNUAL BUDGET SUBMISSION
NON-BILATERAL ASSISTANCE
ACTIVITIES IN MOZAMBIQUE

Country: Mozambique

MAY 1985

PROJECT NO.	PROJECT TITLE	DATE STARTED	TERMINAL DATE	AID/W OFFICE INVOLVED	ESTIMATED LOP FOR MOZAMBIQUE ACTIVITY	PROGRAM PRIORITY	EST. AMOUNT MISSION TIME IN (PERSON WEEK)
698-0433	AFR. GRAD. FELLOWSHIP PROGRAM (AFGRAD III)	FY85	FY92	AFR/RA	\$1,000,000	HIGH	6
690-0209.1	REG. RAILWAY IMPROVEMENT I	FY85	FY89	AFR/SA (USAID/HARARE)	\$4,960,000	HIGH	2
690-0209.1	REG. RAILWAY IMPROVEMENT II	FY86	FY92	AFR/SA (USAID/HARARE)	\$20,000,000	MEDIUM	2
690-0209.2	BEIRA RAIL LINE REHABILITATION	FY87	FY92	AFR/SA (USAID/HARARE)	\$10,000,000	MEDIUM	1
690-0209.3	SHIPPER COMMUNICATIONS SYSTEM	FY87	FY92	AFR/SA (USAID/HARARE)	\$2,500,000	LOW	1

AID PROGRAM IN FY 1987
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT: 656 MOZAMBIQUE

RANK	PROJECT	TITLE	NEW/ LOAN/ CONT. GRANT		PROGRAM FUNDING (\$000)
			APPROP	INCR	
1	0204	HUMAN RESOURCES DEVELOPMENT	N	G	E6 2000 2000
2	PL02	PL 480 TITLE II - CH. WORLD SERV.			P2 (2000) 2000
3	0203	PRIVATE SECTOR REHAB III: CIP/TA	D	G	E5 20000 22000
4	PL02	PL 480 TITLE II - WORLD VISION			P2 (10000) 22000
5	PL01	PL 480 TITLE I - MOZAMBIQUE			P1 (19000) 22000
6	PL02	PL 480 TITLE II - GOVT/GOVT			P2 (10000) 22000
7	8416	SECTION 416 - MOZAMBIQUE			S4 (6000) 22000

1
23
1

NEW PROJECT NARRATIVE

- A. Project Number and Title: Private Sector
Rehabilitation III (656-0203)
- B. Project Funding: FY1986 - \$17,000,000 (Grant)
FY1987 - \$20,000,000 (Grant)
(N.B. This is higher than the FY1987
APPL. Assumption is that policy reforms
will require such levels of support.)
Life of Project Cost - \$37,000,000
- C. Appropriation Account: Economic Stabilization Fund
(N.B. Obligations for both FY's are from
ESF. The AAPL's of \$2,000,000 from DA
would reduce programming flexibility.
Such flexibility is essential in the
Mozambican context.)
- D. Project Purpose:

The program is fundamentally a continuation of the FY1985 Private Sector Rehabilitation II activity, but at a higher funding level. The new program, like its predecessor, will have commodity import and technical assistance and training components. The project is authorized at a level of \$37,000,000, to be obligated in FY1986 and FY1987. (N.B. This is in excess of the AAPL for FY1987 and presupposes the increase of \$5,000,000 in ESF --- and the elimination of \$2,000,000 in DA --- as a response to economic structural adjustments required by GPRM policy reforms.)

The purpose of the commodity import element is to provide currently unavailable agricultural inputs, capital equipment, and implements to the private agricultural sector (family and commercial farmers) and cooperatives. The objective of the assistance is twofold: to demonstrate the productive capacities of the private commercial enterprise and to increase the agricultural output of the private sector, in general.

Over a two year period, we estimate that the program will import \$19,000,000 of agricultural capital equipment or inputs, which will be procured by either parastatals or private

importers. Another \$7,000,000 in raw materials will be imported for the local manufacture of agricultural inputs or production incentive goods (such as basic consumer goods or building materials). In addition to the \$5,000,000 in diesel fuel (to ensure the continued operations of commercial and family farmers), the program will provide \$2,000,000 in retail consumer goods (as an incentive to surplus production). To the maximum extent possible, distribution and retail sale of the all commodities will be by private entrepreneurs.

All goods will be sold to private farmers and, thus, will support the new policies and initiatives of the GPRM, which recognize the key role of the private sector in increasing agricultural production. As foreign exchange constraints are severely limiting the importation of nearly all agricultural inputs, the commodity financing is crucial to the rehabilitation and encouragement of private farming.

Technical assistance and training will be undertaken over a five-year period. \$2,000,000 will be obligated in each of FY1986 and FY1987. The purpose of the technical assistance component is to provide the consulting services and training needed by either private firms or governmental entities (which are considered essential to stimulating private economic activity).

Illustratively, we foresee that consultants may assist the GPRM to develop economic policy reform options, to promote foreign private investment, to design action plans for divestiture, to manage more effectively the national accounts and foreign exchange flows, to train technicians in agricultural machinery repair and rehabilitation, and to establish an agricultural and economic statistic data base to enable policy analysis. This component shall also continue funding, through the AFGRAD III "buy-in" feature, of an additional seven undergraduate and four graduate fellowships (at an approximate cost of \$720,000).

E. Relationship of the Project to the Country Strategy.

In recognition of Mozambique's opening to the West, its positive role as a stabilizing force in Southern Africa, and its new pragmatic economic policies, U.S. assistance was re-established in 1984 and continued in 1985. The basic U.S. strategy has been to support GPRM initiatives to rehabilitate the private sector, to increase agricultural production through a more free-market orientation, and to provide for the

technical and managerial manpower needs of entities considered crucial to the growth of the private sector. This program continues our contribution and commitment to those three objectives for a third and fourth year.

F. Target Group.

Under the CIP, the commercial and family farmer in target areas will be the prime beneficiaries of the program. We estimate that 500,000 farmers and 400 commercial operations could benefit, depending on the final distribution of commodities. For the technical assistance and training element, up to 200 individuals will be trained in Mozambique, the United States, or third countries and approximately six private firms or governmental agencies will benefit through improved operations and better management resulting from such technical assistance.

G. PID Approval Authority.

In light of Congressional and Administration interest in the Mozambique program and the potential issues which may arise, AAO/Maputo believes that AID/W approval will be required for the PID.

NEW PROJECT NARRATIVE

- A. Project Number and Title: Human Resource Development
(656-0204)
- B. Project Funding: FY1987 - \$2,000,000 (Grant)
(N.B. This project is in excess of
AAPL for FY1987.)
Life of Project Cost - \$2,000,000
- C. Appropriation Account: Economic Stabilization Fund
(N.B. Obligation is from ESF. The
AAPL of \$2,000,000 from DA would
reduce programming flexibility. Such
flexibility is essential in the
Mozambican context.)
- D. Project Purpose:

The project is fundamentally a recognition of the manpower development needs of the Mozambican private sector and the public entities which encourage the growth of free enterprise. The purpose of the Human Resources Development Project is to provide qualified men and women to staff key Mozambican public institutions or private firms.

Through the "buy-in" feature of the African Graduate Fellowship Program, Phase III --- AFGRAD III, ten undergraduate, five graduate, and two post-graduate short-term study fellowships will be made available on an open, competitive basis to qualified Mozambican nationals. The estimated costs of these fellowships, to be disbursed over a five-year period, is \$1,000,000.

Undergraduate education in the United States is required, as Mozambique has extremely limited training facilities. This is in keeping with the strategy followed for Portuguese-speaking nations under the African Manpower Development II and AFGRAD III Programs. Another \$700,000 will be used to finance approximately twenty-five undergraduate scholarships and ten graduate fellowships in Portugal and Brazil.

The emphasis on undergraduate education proceeds from the difficulty in arranging leaves of absence for personnel currently working in public institutions or private firms. With the extremely limited managerial and technical manpower resources in Mozambique today, many employees simply cannot be spared for a two-year master's program. The areas of study, for which scholarships will be made available, include business or public administration and economics, with a secondary priority in agriculture.

The remaining \$300,000 will be used to complement and expand Southern Africa regional training programs, as they apply to Mozambique. It will be used to finance more training for the National Institute of Agricultural Research under the Sorghum and Millet (ICRISAT/INTSORMIL) Project. It will also enable more Mozambican participation in the Agricultural Training and Management Manpower projects of the AID regional portfolio.

E. Relationship of the Project to the Country Strategy.

As a consequence of Mozambique's opening to the West, its positive regional stabilizing role, and its new pragmatic economic policies, U.S. assistance was re-established in 1984 and continued in 1985. Two fundamental tenets of the U.S. strategy have been to support GPRM initiatives to rehabilitate the private sector and to provide the technical and managerial manpower needs of key public institutions and private entrepreneurs. This project builds upon the foundation created by the technical assistance component of earlier Private Sector Rehabilitation Programs and recognizes the overriding importance of assisting in the development of the talented and skilled Mozambican leadership of tomorrow.

F. Target Group.

Approximately 35 secondary school students (or first year university students) will be able to pursue undergraduate studies in the United States, Portugal, or Brazil. Up to 20 graduate students and university-educated professionals will participate in master's or doctoral programs in the United States, Portugal, Brazil, or Third World nations.

Approximately five high-level researchers, entrepreneurs, or decision-makers will benefit from short-term, post-graduate, individually-tailored study programs. Half of all participants will be women, and one-third of the graduate fellowships and study programs will be reserved for persons in the private sector.

G. PID Approval Authority.

Considering the visibility of the Mozambique program and the potential issues which may arise, AAO/Maputo recommends that the PID be approved by AID/W.

LOCAL CURRENCY USE PLAN

A. Generations Under P.L. 480.

During FY1984, local currencies were generated in Mozambique by sales of 54,000 MT of grains under our P.L. 480, Title II program. A bank account for the proceeds of such sales of corn and wheat has been established. The metical equivalent of \$15.5 million has been deposited. An additional amount, representing the proceeds of sales of 10,417 MT of corn, discharged at Beira, will be credited to the account by the Ministry of Finance in the near future.

For P.L. 480 commodities being imported in FY1985, the GPRM has already opened a bank account and funds covering the sales proceeds of 86,000 MT of Title I grains, as well as the sales proceeds of 35,250 MT of Title II corn (all valued at \$22 million) will be deposited into another account during this fiscal year. Grains are now arriving but no funds have been credited to the newly-opened account.

The local currencies generated under FY1985 P.L. 480 program will all be used to finance five rural development projects, (e.g., irrigation schemes, roads, cold storage facilities, etc.). Details on these programs have been requested by AAO/Maputo; such will be forthcoming by June 30, 1985.

In January 1985, we requested a full accounting from the GPRM of the uses of Title I and Title II local currency generations from FY1979 to December 31, 1984. This info was received and relayed to AID/W on May 9, 1985.

B. Generations Under the Commodity Import Program.

Under the commodity import program, all items will be sold to private or cooperative farmers with the proceeds accruing to the various parastatal or private importers or the retailer in the countryside. Depending on the commodity, proceeds are generated, for purposes of deposit into the Special Account, either by the payment of the importer, the distributor, or the actual purchaser (in the case of capital equipment).

Throughout 1985 and 1986, approximately \$6 million in meticais will be generated under the first commodity import program. To date, fertilizer and some seeds have arrived and are only now being sold for the September planting season. As a result, while a bank account has already been established, no deposits have yet been made.

The commodity import program for FY1985 will generate the local currency equivalent of \$11 million. As yet the grant agreement remains to be signed. We do not anticipate sales proceeds accruing to the account before the end of 1985.

Local currency from the special bank account will be allocated to agricultural development activities, especially those that have a high impact on the target population of the Private Sector Rehabilitation Program: the commercial and family farmer. Funds will be released from the special account for expenditures mutually agreed upon by AID and the GPRM. The general criteria of use is that the expenditure must relate to the private sector and agricultural development goals of our joint cooperative economic undertaking.

One area that offers much opportunity is the rehabilitation and the construction of markets and packing sheds. This would complement the private sector objectives of the program. In this case, local currency would be used to purchase labor and locally-made cement. Another use would be the clearing of land to place more hectares under production by the private farmer. For many dry-land private farmers, the clearing of brush is a major constraint to expanding land under cultivation. With land being readily available, the local currency proceeds could be utilized to pay work teams (with or without mechanized equipment). Similarly, rural road repair and construction will be financed by the local currency generations.

Some of the funds will be held in the special account for use at a later time, so as to complement future AID (or other donor) programs. For example, generations could finance the training of farmers on the use of new equipment or additional inputs (such as fertilizer) or the training of extension workers and monitors. In conjunction with the importation of irrigation equipment (by AID, another donor, or the private sector directly), local currency will be used for the labor needed to rehabilitate or construct irrigation systems. Labor costs for clearing and leveling of land for irrigation on private sector farms will be a priority use in this regard.

FY 1987 ANNUAL BUDGET SUBMISSION
 Table VI - Expenditures of Local Currency Generations
 (all in the U.S. dollar equivalents, and in \$ millions)

Source/Purpose	1984 ACTUAL	1985 ESTIMATE	1986 PLANNED	1987 PROPOSED
I. ECONOMIC SUPPORT FUND				
A. Public Development Activities	---	3.5	5.5	7.5
1. Road and Market Construction				
2. Reforestation				
3. Irrigation Schemes				
4. Storage Facilities				
B. Private Sector Programs	---	1.0	2.0	3.0
1. Land Clearing on Private Small Farms				
2. Irrigation Schemes				
C. Public Sector Recurrent Budget	---	1.0	1.0	1.0
1. Support for Relief Coordinator (D.F.P.C.N.)				
D. AID Operating Expenses (Trust Funds)	---	0.13	0.18	0.22
II. PL 480				
A. Public Development Activities	---	10.5	11.0	11.5
1. Road and Market Construction				
2. Support for Relief Effort				
B. Private Sector Programs	---	3.0	4.5	5.0
1. Marketing Programs				
2. Irrigation Schemes				
C. Public Sector Recurrent Budget	---	1.0	2.5	3.0
1. Support for Relief Effort				
TOTALS				
	---	20.13	26.68	30.78

N.B. Above represents AAD/Maputo best estimates; GFRM has indicated in writing that they will provide requested breakdown by June 30, 1985

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1987 ANNUAL BUDGET SUBMISSION
 COUNTRY: MOZAMBIQUE

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986		FY 1987		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Get Material Applicable
		Start To AID/M (Qtr)	To AID/M (Qtr)	Start To AID/M (Qtr)	To AID/M (Qtr)				
<u>Agriculture, Rural Development, and Nutrition</u>									
Private Sector Rehabilitation I (656-0201): TA	--	3	4	4	4	PACD: 9/87 The project aims to provide managerial and technical skills needs to support private sector growth. Evaluation will assess progress in funding TA and training, adherence to eligibility criteria, and major problems requiring project adjustments. Final evaluation will examine objectives achievement and recommend further assistance.	Proj. 30 REDSO 2 and AAO/M 7 OE	20 10 10	100 20 Person Days for mid-project evaluation 100 20 Person Days for final evaluation. REDSO/ESA and AFR/PH to participate with 5 Person Days each for each evaluation.
<u>Economic Stabilization Fund</u>									
Private Sector Rehabilitation I (656-0201): CIP	--	1	2			PACD: 9/85 Project provides agricultural inputs to private farmers. Evaluation will assess effectiveness in import and distribution in timely manner and extent to which imports reached to intended farmers.	Proj. 20 REDSO 1 and AAO/M 4 OE	20 5 5	100 20 Person Days. REDSO/ESA and AFR/PH to participate with 5 Person Days each.

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1987 ANNUAL BUDGET SUBMISSION
 COUNTRY: MOZAMBIQUE
 (continued)

Project List (Project No. & Title)	Last Eval Completed (No./Yr.)	FY 1986		FY 1987		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start To (Qtr)	Start To (Qtr)	Start To (Qtr)	Start To (Qtr)				
Private Sector Rehabilitation I (656-0201): TA	--	3	4	4	4	PACD: 9/87 This is part of the same project indicated above, but has another funding source. The evaluation criteria and funding is the same as that above.	20	20	100 26 Person Days.
Private Sector Rehabilitation II (656-0202): CIP	--	4	4	4	4	PACD: 9/86 Project is a continuation of Private Sector Rehabilitation I. Evaluation will assess effectiveness is import and distribution in timely manner and extent to which imports reached to intended end-users.	PMR REDSO 1 and AAO/M 4 OE 5	20 5 5	REDSO/ESA and SER/COM to participate with 5 Person Days each.
Private Sector Rehabilitation II (656-0202): TA	--	4	4	4	4	PACD: 9/89 Project is a continuation of technical assistance and training component of Private Sector Rehabilitation I. Evaluation will center on private sector impact and extent to which progress has been made on longer-term training.	PMR 30 REDSO 2 and AAO/M 7 OE 5	20 5 5	100 26 Person Days for mid-project evaluation REDSO/ESA and AFR/PD to participate.

FY 1987 ANNUAL BUDGET SUBMISSION
MISSION OPERATING EXPENSE NARRATIVE

A. Management Improvements.

The AID Affairs Office in Maputo was established in November, 1984, with the assignment of an Acting AID Affairs Officer and a Regional Supply Management Officer, both on an extended TDY basis. The first permanent staff were assigned to Maputo in March 1985. As of June 1985, the principal officer's position is still vacant and is being filled on an acting basis. With such a new office and such fluid executive management, it is difficult to detail an improvement plan.

Our first priority, as an office, is to establish an AID presence. Normally program-oriented officers have assumed the administrative and other support functions which usually are assigned to full-time management or executive officers. In its seven months of existence, the Office has purchased an office building and leased three residences, an accomplishment in an environment like Maputo, in which housing and office space are extremely scarce.

We have attempted to minimize the start-up costs:

- on travel, by reducing administrative TDY's to the basic essentials, assigning as much support responsibilities as possible to program-related officers;
- on personnel, by recruiting locally for secretarial and professional positions, thereby saving U.S. PSC costs;
- on rentals, by purchasing an office building which will pay for itself in five years and by deducting renovation and rehabilitation work from the rentals c leases from the GPRM; and
- on general administrative and financial services, by relying on the Administrative Section of the Embassy, so as to avoid costly duplication of functions and staffing.

As can be seen from the staffing pattern, our intention is to keep a lean, program-oriented staff of U.S. direct hires. We also plan to utilize local staff in professional roles whenever possible, recognizing the cost savings and the gains in continuity (especially at this one-tour post).

The limited staff resources, however, necessitates our heavy emphasis on automated systems for repetitive tasks and for analysis. As we engage more fully in policy dialogue, the computer will be an essential tool at our disposal. Internally, the principal officer will use the computer for its management improvement aspect.

B. Justification for Funding Changes.

As has been indicated, AAO/Maputo was created in early FY1985, with its first permanent staff arriving in March 1985. The changes between FY1985, FY1986, and FY1987 reflect the growth of this new office for expense categories U100, U200, and U300.

The large amount of funds required to procure the equipment necessary to establish an office and related residences are reflected in the sharp drop of costs in expense categories U400 and U500. The substantial reduction in residential rent is due to the cost paid to rehabilitate the only housing available in Maputo. This cost is generally offset against future payments of rent.

C. Trust Fund.

The Commodity Import Program provides that two percent of the sales proceeds generated be deposited into a special trust fund. Such trust fund is supposed to be used to defray the administrative costs of the AID Affairs Office. For the FY1985 CIP, we have proposed that the deposits increase to five percent of the local currency proceeds. We estimate that the FY1984 CIP will yield the metical equivalent of \$120,000; were the GPRM to accept our proposal for FY1985, the trust fund would be increased by the metical equivalent of \$600,000.

Unfortunately, we have not yet been able to negotiate a Trust Fund Agreement. This is such a serious concern that we have proposed as a condition precedent (to initial disbursement or the issuance of disbursement documents) that a trust fund agreement be signed. The major point of contention is current Mozambican law requiring all foreign missions and international organizations to pay their expenses in foreign currency. Although rents, utilities, airline tickets, and other costs are denominated in meticais, payment for them is only accepted in a convertible currency.

Effectively, if the local currency trust fund remains in meticaís, we can legally pay for few expenses. Even were we to receive an exemption --- which the GFRM is loathe to concede in light of the precedent it would set for other donors --- few, if any, of our private (or parastatal) vendors would accept payment in meticaís. The local currency is so overvalued (the official rate is 43 to the dollar, while the parallel market offers 1500 to the dollar), that it has all but ceased to function as a means of purchase for items which we would need for our office and residences.

Consequently, for purposes of the Annual Budget Submission, amounts from the Trust Fund have not been included. The use of any appreciable amount of meticaís to offset our expenses would not reflect the reality of the current situation. We will submit a revised Operating Expense budget as soon as a Trust Fund Agreement is negotiated. This will allow us to project the line items which will be impacted and will give us an idea of what will be effectively available and useable in FY1985, FY1986, and FY1987.

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII - FY 1985

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		198.6		198.6	
U.S. CITIZENS BASIC PAY	U101	110	69.4		69.4	1.3
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	7.2		7.2	
OTHER AID/W FUNDED CODE 11	U104	119				
OTHER MISSION FUNDED CODE 11	U105	119	1.9		1.9	
EDUCATION ALLOWANCES	U106	126				
RETIREMENT - U.S. DIRECT HIRE	U107	120	4.9		4.9	
LIVING ALLOWANCES	U108	128	1.9		1.9	
OTHER AID/W FUNDED CODE 12	U109	129	2.2		2.2	
OTHER MISSION FUNDED CODE 12	U110	129	10.8		10.8	
POST ASSIGNMENT - TRAVEL	U111	212	15.8		15.8	4.0
POST ASSIGNMENT - FREIGHT	U112	22	60.0		60.0	4.0
HOME LEAVE - TRAVEL	U113	212				
HOME LEAVE - FREIGHT	U114	22				
EDUCATION TRAVEL	U115	215	8.5		8.5	1.0
R AND R TRAVEL	U116	215				
OTHER CODE 215 TRAVEL	U117	215	16.0		16.0	6.0
FOREIGN NATIONAL DIRECT HIRE	U200					
BASIC PAY	U201	114				
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129				
BENEFITS FORMER FN PERSONNEL	U205	13				
CONTRACT PERSONNEL	U300		73.6		73.6	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	27.7		27.7	1.8
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	45.9		45.9	6.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400		241.3		241.3	
RESIDENTIAL RENT	U401	235	104.5		104.5	6.4
RESIDENTIAL UTILITIES	U402	235	2.9		2.9	
MAINTENANCE AND RENOVATION	U403	259	11.0		11.0	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	105.0		105.0	
TRANS./FREIGHT - CODE 311	U406	22	8.0		8.0	
SECURITY GUARD SERVICES	U407	254	9.4		9.4	
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	0.5		0.5	

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII -- FY 1982
 (continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		320.2		320.2	
OFFICE RENT	U501	234				
OFFICE UTILITIES	U502	234	2.0		2.0	
BUILDING MAINT./RENOVATION	U503	259	2.0		2.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	30.0		30.0	
VEHICLES	U505	312	32.0		32.0	
OTHER EQUIPMENT	U506	319	105.0		105.0	
TRANSPORTATION/FREIGHT	U507	22	20.0		20.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT	U508	259	4.4		4.4	
COMMUNICATIONS	U509	230	14.0		14.0	
SECURITY GUARD SERVICES	U510	254	3.6		3.6	
PRINTING	U511	24	2.0		2.0	
RIG/II OPERATIONAL TRAVEL	U512	210				
SITE VISITS--MISSION PERSONNEL	U513	210	8.0		8.0	8.0
SITE VISITS--AID/W PERSONNEL	U514	210	20.0		20.0	4.0
INFORMATION MEETINGS	U515	210	2.0		2.0	1.0
TRAINING ATTENDANCE	U516	210	2.0		2.0	1.0
CONFERENCE ATTENDANCE	U517	210	4.0		4.0	2.0
OTHER OPERATIONAL TRAVEL	U518	210	34.0		34.0	8.0
SUPPLIES AND MATERIALS	U519	26	30.0		30.0	
FAAB	U520	257				
CONSULTING SVCS.-CONTRACTS	U521	259				
MGT./PROF. SVCS.-CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	5.0		5.0	
TOTAL O.E. BUDGET					833.7	
RECONCILIATION					83.7	
OPERATING BUDGET REQUIREMENTS					750.0	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000				750.0	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES: 520.0
 EXCHANGE RATE USED (MARCH 31, 1985): \$1.00 = 42.3 Meticals

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII -- FY 1986

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		446.4		446.4	
U.S. CITIZENS BASIC PAY	U101	110	245.8		245.8	4.9
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	27.5		27.5	
OTHER AID/W FUNDED CODE 11	U104	119	1.5		1.5	
OTHER MISSION FUNDED CODE 11	U105	119	7.1		7.1	
EDUCATION ALLOWANCES	U106	126	30.2		30.2	2.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	17.2		17.2	
LIVING ALLOWANCES	U108	128	7.1		7.1	
OTHER AID/W FUNDED CODE 12	U109	129	8.3		8.3	
OTHER MISSION FUNDED CODE 12	U110	129	5.0		5.0	
POST ASSIGNMENT - TRAVEL	U111	212	15.2		15.2	3.0
POST ASSIGNMENT - FREIGHT	U112	22	40.0		40.0	3.0
HOME LEAVE - TRAVEL	U113	212	4.5		4.5	1.0
HOME LEAVE - FREIGHT	U114	22	6.0		6.0	1.0
EDUCATION TRAVEL	U115	215	8.5		8.5	1.0
R AND R TRAVEL	U116	215	8.0		8.0	3.0
OTHER CODE 215 TRAVEL	U117	215	14.5		14.5	6.0
<u>FOREIGN NATIONAL DIRECT HIRE</u>	U200		69.5		69.5	
BASIC PAY	U201	114	51.0		51.0	2.0
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129	18.5		18.5	
BENEFITS FORMER FN PERSONNEL	U205	13				
<u>CONTRACT PERSONNEL</u>	U300		92.0		92.0	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	30.5		30.5	2.0
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	61.5		61.5	7.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
<u>HOUSING</u>	U400		193.8		193.8	
RESIDENTIAL RENT	U401	235	48.0		48.0	3.0
RESIDENTIAL UTILITIES	U402	235	12.0		12.0	
MAINTENANCE AND RENOVATION	U403	259	10.0		10.0	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	70.0		70.0	
TRANS./FREIGHT - CODE 311	U406	22	32.8		32.8	
SECURITY GUARD SERVICES	U407	254	20.0		20.0	
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	1.0		1.0	

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII--FY 1986
 (continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNIBS
OFFICE OPERATIONS	U500		298.6		298.6	
OFFICE RENT	U501	234				
OFFICE UTILITIES	U502	234	3.0		3.0	
BUILDING MAINT./RENOVATION	U503	259	3.0		3.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	30.0		30.0	
VEHICLES	U505	312	10.0		10.0	
OTHER EQUIPMENT	U506	319	65.0		65.0	
TRANSPORTATION/FREIGHT	U507	22	25.0		25.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT	U508	259	13.1		13.1	
COMMUNICATIONS	U509	230	25.0		25.0	
SECURITY GUARD SERVICES	U510	254	5.0		5.0	
PRINTING	U511	24	3.0		3.0	
RIG/II OPERATIONAL TRAVEL	U512	210			20.0	20.0
SITE VISITS-MISSION PERSONNEL	U513	210	20.0		40.0	8.0
SITE VISITS-AID/W PERSONNEL	U514	210	40.0		40.0	2.0
INFORMATION MEETINGS	U515	210	3.5		3.5	2.0
TRAINING ATTENDANCE	U516	210	3.5		3.5	3.0
CONFERENCE ATTENDANCE	U517	210	4.5		4.5	1.0
OTHER OPERATIONAL TRAVEL	U518	210	5.0		5.0	
SUPPLIES AND MATERIALS	U519	26	35.0		35.0	
FAAB	U520	257				
CONSULTING SVCS.-CONTRACTS	U521	259				
MGT./PROF. SVCS.-CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	5.0		5.0	
TOTAL O.E. BUDGET					1100.3	
RECONCILIATION					300.3	
OPERATING BUDGET REQUIREMENTS					800.0	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000				800.0	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES: 480.0
 EXCHANGE RATE USED (MARCH 31, 1985): \$1.00 = 42.3 Metacals

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1987

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		491.2		491.2	
U.S. CITIZENS BASIC PAY	U101	110	247.2		247.2	5.0
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	27.8		27.8	
OTHER AID/W FUNDED CODE 11	U104	119	1.5		1.5	
OTHER MISSION FUNDED CODE 11	U105	119	7.3		7.3	
EDUCATION ALLOWANCES	U106	126	60.4		60.4	4.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	17.3		17.3	
LIVING ALLOWANCES	U108	128	7.3		7.3	
OTHER AID/W FUNDED CODE 12	U109	129	9.8		9.8	
OTHER MISSION FUNDED CODE 12	U110	129	5.0		5.0	
POST ASSIGNMENT - TRAVEL	U111	212	19.7		19.7	4.0
POST ASSIGNMENT - FREIGHT	U112	22	54.9		54.9	4.0
HOME LEAVE - TRAVEL	U113	212				
HOME LEAVE - FREIGHT	U114	22	8.5		8.5	1.0
EDUCATION TRAVEL	U115	215	10.0		10.0	4.0
R AND R TRAVEL	U116	215	14.5		14.5	6.0
OTHER CODE 215 TRAVEL	U117	215				
FOREIGN NATIONAL DIRECT HIRE	U200		69.5		69.5	
BASIC PAY	U201	114	51.0		51.0	2.0
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129	18.5		18.5	
BENEFITS FORMER FN PERSONNEL	U205	13				
CONTRACT PERSONNEL	U300		101.3		101.3	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	33.6		33.6	2.0
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	67.7		67.7	7.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400		170.5		170.5	
RESIDENTIAL RENT	U401	235	64.4		64.4	4.0
RESIDENTIAL UTILITIES	U402	235	14.0		14.0	
MAINTENANCE AND RENOVATION	U403	259	5.5		5.5	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	45.1		45.1	
TRANS./FREIGHT - CODE 311	U406	22	20.0		20.0	
SECURITY GUARD SERVICES	U407	254	20.0		20.0	
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	1.5		1.5	

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII - FY 1987
 (continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	FUNDS	TRUST	TOTAL	UNITS
OFFICE OPERATIONS	U500		241.1			241.1	
OFFICE RENT	U501	234					
OFFICE UTILITIES	U502	234	3.0			3.0	
BUILDING MAINT./RENOVATION	U503	259	3.0			3.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	12.5			12.5	
VEHICLES	U505	312	10.0			10.0	
OTHER EQUIPMENT	U506	319	40.0			40.0	
TRANSPORTATION/FREIGHT	U507	22	7.0			7.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT	U508	259	14.1			14.1	
COMMUNICATIONS	U509	230	25.0			25.0	
SECURITY GUARD SERVICES	U510	254	5.0			5.0	
PRINTING	U511	24	2.0			2.0	
RIG/II OPERATIONAL TRAVEL	U512	210					20.0
SITE VISITS-MISSION PERSONNEL	U513	210	20.0			20.0	
SITE VISITS-AID/W PERSONNEL	U514	210	30.0			30.0	6.0
INFORMATION MEETINGS	U515	210	3.5			3.5	2.0
TRAINING ATTENDANCE	U516	210	3.5			3.5	2.0
CONFERENCE ATTENDANCE	U517	210	4.5			4.5	3.0
OTHER OPERATIONAL TRAVEL	U518	210	5.0			5.0	1.0
SUPPLIES AND MATERIALS	U519	26	28.0			28.0	
FAAB	U520	257	20.0			20.0	
CONSULTING SVCS.-CONTRACTS	U521	259					
MGT./PROF. SVCS.-CONTRACTS	U522	259					
SPEC. STUDIES/ANALYSES CONT.	U523	259					
ALL OTHER CODE 25	U524	259	5.0			5.0	
TOTAL O.E. BUDGET						1073.6	
RECONCILIATION						323.6	
OPERATING BUDGET REQUIREMENTS						750.0	
634C REQUIREMENTS	U600	32					
TOTAL ALLOWANCE REQUIREMENTS	U600					750.0	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES: 695.0
 EXCHANGE RATE USED (MARCH 31, 1985): \$1.00 = 42.3 Metacals

FY 1987 ANNUAL BUDGET SUBMISSION
 ADJUSTED TABLE VIII - FY 1985

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		198.6		198.6	
U.S. CITIZENS BASIC PAY	U101	110	69.4		69.4	1.3
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	7.2		7.2	
OTHER AID/W FUNDED CODE 11	U104	119				
OTHER MISSION FUNDED CODE 11	U105	119	1.9		1.9	
EDUCATION ALLOWANCES	U106	126				
RETIREMENT - U.S. DIRECT HIRE	U107	120	4.9		4.9	
LIVING ALLOWANCES	U108	128	1.9		1.9	
OTHER AID/W FUNDED CODE 12	U109	129	2.2		2.2	
OTHER MISSION FUNDED CODE 12	U110	129	10.8		10.8	
POST ASSIGNMENT - TRAVEL	U111	212	15.8		15.8	4.0
POST ASSIGNMENT - FREIGHT	U112	22	60.0		60.0	4.0
HOME LEAVE - TRAVEL	U113	212				
HOME LEAVE - FREIGHT	U114	22				
EDUCATION TRAVEL	U115	215	8.5		8.5	1.0
R AND R TRAVEL	U116	215				
OTHER CODE 215 TRAVEL	U117	215	16.0		16.0	6.0
FOREIGN NATIONAL DIRECT HIRE	U200					
BASIC PAY	U201	114				
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129				
BENEFITS FORMER FN PERSONNEL	U205	13				
CONTRACT PERSONNEL	U300					
PASA TECHNICIANS	U301	258	73.6		73.6	
U.S. PSC - SALARY/BENEFITS	U302	113	27.7		27.7	1.8
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	45.9		45.9	6.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400					
RESIDENTIAL RENT	U401	235	241.3		241.3	6.4
RESIDENTIAL UTILITIES	U402	235	104.5		104.5	
MAINTENANCE AND RENOVATION	U403	259	2.9		2.9	
QUARTERS ALLOWANCES	U404	127	11.0		11.0	
RESIDENTIAL FURNITURE/EQUIP.	U405	311	105.0		105.0	
TRANS./FREIGHT - CODE 311	U406	22	8.0		8.0	
SECURITY GUARD SERVICES	U407	254	9.4		9.4	
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	0.5		0.5	

FY 1987 ANNUAL BUDGET SUBMISSION
ADJUSTED TABLE VIII -- FY 1986

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		462.5		462.5	
U.S. CITIZENS BASIC PAY	U101	110	245.8		245.8	4.9
PT/TEMP U.S. BASIC PAY	U102	112	15.0		15.0	1.0
DIFFERENTIAL PAY	U103	116	27.5		27.5	
OTHER AID/W FUNDED CODE 11	U104	119	1.5		1.5	
OTHER MISSION FUNDED CODE 11	U105	119	7.1		7.1	
EDUCATION ALLOWANCES	U106	126	30.2		30.2	2.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	18.3		18.3	
LIVING ALLOWANCES	U108	128	7.1		7.1	
OTHER AID/W FUNDED CODE 12	U109	129	8.3		8.3	
OTHER MISSION FUNDED CODE 12	U110	129	5.0		5.0	
POST ASSIGNMENT - TRAVEL	U111	212	15.2		15.2	3.0
POST ASSIGNMENT - FREIGHT	U112	22	40.0		40.0	3.0
HOME LEAVE - TRAVEL	U113	212	4.5		4.5	1.0
HOME LEAVE - FREIGHT	U114	22	6.0		6.0	1.0
EDUCATION TRAVEL	U115	215	8.5		8.5	1.0
R AND R TRAVEL	U116	215	8.0		8.0	3.0
OTHER CODE 215 TRAVEL	U117	215	14.5		14.5	6.0
FOREIGN NATIONAL DIRECT HIRE	U200		69.5		69.5	
BASIC PAY	U201	114	51.0		51.0	2.0
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129	18.5		18.5	
BENEFITS FORMER FN PERSONNEL	U205	13				
CONTRACT PERSONNEL	U300		117.0		117.0	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	15.5		15.5	1.0
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	101.5		101.5	10.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400		183.9		183.9	
RESIDENTIAL RENT	U401	235	48.0		48.0	3.0
RESIDENTIAL UTILITIES	U402	235	12.0		12.0	
MAINTENANCE AND RENOVATION	U403	259	10.0		10.0	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	60.1		60.1	
TRANS./FREIGHT - CODE 311	U406	22	32.8		32.8	
SECURITY GUARD SERVICES	U407	254	20.0		20.0	
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	1.0		1.0	

FY 1987 ANNUAL BUDGET SUBMISSION
 ADJUSTED TABLE VIII -- FY 1986
 (continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		298.6		298.6	
OFFICE RENT	U501	234				
OFFICE UTILITIES	U502	234	3.0		3.0	
BUILDING MAINT./RENOVATION	U503	259	3.0		3.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	30.0		30.0	
VEHICLES	U505	312	10.0		10.0	
OTHER EQUIPMENT	U506	319	65.0		65.0	
TRANSPORTATION/FREIGHT	U507	22	25.0		25.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT	U508	259	13.1		13.1	
COMMUNICATIONS	U509	230	25.0		25.0	
SECURITY GUARD SERVICES	U510	254	5.0		5.0	
PRINTING	U511	24	3.0		3.0	
RIG/II OPERATIONAL TRAVEL	U512	210				20.0
SITE VISITS-MISSION PERSONNEL	U513	210	20.0		20.0	
SITE VISITS-AID/W PERSONNEL	U514	210	40.0		40.0	8.0
INFORMATION MEETINGS	U515	210	3.5		3.5	2.0
TRAINING ATTENDANCE	U516	210	3.5		3.5	2.0
CONFERENCE ATTENDANCE	U517	210	4.5		4.5	3.0
OTHER OPERATIONAL TRAVEL	U518	210	5.0		5.0	1.0
SUPPLIES AND MATERIALS	U519	26	35.0		35.0	
FAAS	U520	257				
CONSULTING SVCS.-CONTRACTS	U521	259				
MGT./PROF. SVCS.-CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	5.0		5.0	
TOTAL O.E. BUDGET					1131.5	
RECONCILIATION					316.4	
OPERATING BUDGET REQUIREMENTS					815.1	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000				815.1	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES: 480.0
 EXCHANGE RATE USED (MARCH 31, 1985): \$1.00 = 42.3 Metacais

FY 1987 ANNUAL BUDGET SUBMISSION
ADJUSTED TABLE VIII -- FY 1987

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		817.1		817.1	
U.S. CITIZENS BASIC PAY	U101	110	395.5		395.5	5.0
PT/TEMP U.S. BASIC PAY	U102	112	17.8		17.8	1.0
DIFFERENTIAL PAY	U103	116	44.9		44.9	
OTHER AID/W FUNDED CODE 11	U104	119	3.8		3.8	
OTHER MISSION FUNDED CODE 11	U105	119	11.7		11.7	
EDUCATION ALLOWANCES	U106	126	105.7		105.7	7.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	28.9		28.9	
LIVING ALLOWANCES	U108	128	11.7		11.7	
OTHER AID/W FUNDED CODE 12	U109	129	15.7		15.7	
OTHER MISSION FUNDED CODE 12	U110	129	10.4		10.4	
POST ASSIGNMENT - TRAVEL	U111	212	35.0		35.0	7.0
POST ASSIGNMENT - FREIGHT	U112	22	80.0		80.0	7.0
HOME LEAVE - TRAVEL	U113	212				
HOME LEAVE - FREIGHT	U114	22				
EDUCATION TRAVEL	U115	215	25.5		25.5	3.0
R AND R TRAVEL	U116	215	16.0		16.0	5.0
OTHER CODE 215 TRAVEL	U117	215	14.5		14.5	6.0
FOREIGN NATIONAL DIRECT HIRE	U200		69.5		69.5	
BASIC PAY	U201	114	51.0		51.0	2.0
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129	18.5		18.5	
BENEFITS FORMER FN PERSONNEL	U205	13				
CONTRACT PERSONNEL	U300		157.8		157.8	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	17.8		17.8	1.0
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	140.0		140.0	12.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400		241.1		241.1	
RESIDENTIAL RENT	U401	235	118.4		118.4	7.0
RESIDENTIAL UTILITIES	U402	235	21.2		21.2	

FY 1987 ANNUAL BUDGET SUBMISSION
 ADJUSTED TABLE VIII - FY 1987
 (continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		241.1		241.1	
OFFICE RENT	U501	234				
OFFICE UTILITIES	U502	234	3.0		3.0	
BUILDING MAINT./RENOVATION	U503	259	3.0		3.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	12.5		12.5	
VEHICLES	U505	312	10.0		10.0	
OTHER EQUIPMENT	U506	319	40.0		40.0	
TRANSPORTATION/FREIGHT	U507	22	7.0		7.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT	U508	259	14.1		14.1	
COMMUNICATIONS	U509	230	25.0		25.0	
SECURITY GUARD SERVICES	U510	254	5.0		5.0	
PRINTING	U511	24	2.0		2.0	
RIG/II OPERATIONAL TRAVEL	U512	210				20.0
SITE VISITS-MISSION PERSONNEL	U513	210	20.0		20.0	
SITE VISITS-AID/W PERSONNEL	U514	210	30.0		30.0	6.0
INFORMATION MEETINGS	U515	210	3.5		3.5	2.0
TRAINING ATTENDANCE	U516	210	3.5		3.5	2.0
CONFERENCE ATTENDANCE	U517	210	4.5		4.5	3.0
OTHER OPERATIONAL TRAVEL	U518	210	5.0		5.0	1.0
SUPPLIES AND MATERIALS	U519	26	28.0		28.0	
FAAS	U520	257	20.0		20.0	
CONSULTING SVCS.-CONTRACTS	U521	259				
MGT./PROF. SVCS.-CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	5.0		5.0	
TOTAL O.E. BUDGET					1526.6	
RECONCILIATION					526.6	
OPERATING BUDGET REQUIREMENTS					1000.0	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000				1000.0	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES: 695.0
 EXCHANGE RATE USED (MARCH 31, 1985): \$1.00 = 42.3 Metacais

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(a) - Information on U.S. PSC Costs

Job Title/Position Description	FY 1985	FY 1986	FY 1987
Administrative Assistant	12.8	13.8	13.8
Administrative Assistant	7.4	13.8	13.8
Chief Accountant	7.0	-	-
T o t a l	27.2	27.6	27.6

Description of Service	FY 1985	FY 1986	FY 1987
Staff Training	1.0	1.0	1.0
Medical Services	2.0	2.0	2.0
Charter Aircraft (Roads Closed)	2.0	2.0	2.0
T o t a l	5.0	5.0	5.0

INFORMATION TECHNOLOGY NARRATIVE

The AID Affairs Office in Maputo uses its two WANG Personal Computers for:

- Word Processing,
- Spreadsheets, and
- Automated Tickler Systems.

AAO/Maputo requests authority to procure three additional WANG PC's, because of the need for "redundancy". There is no service available in Maputo; technicians from South Africa refuse to travel (even by air) to Maputo because of security considerations. As a result, if any piece of equipment is in need of repair, it will be deadlined for a prolonged period of time and work efficiency will suffer.

At any given time, this Office needs to have at least three PC's operational. We will have 12 professional staff on board, as of the beginning of FY1986. In addition, there is numerous TDY staff which come to Maputo on a regular basis to design and develop projects and to undertake monitoring activities.

The highest priority information processing need for AAO/Maputo is to get the Commodity Import Program and other repetitive tasks, such as property management, automated.

AAO/Maputo has currently assigned the responsibility for the operational management of the two WANG PC's to the Commodity Management/Executive Officer. Overall responsibility remains with the AID Affairs Officer.

With the assistance of the Regional Controller at USAID/Swaziland, we will investigate the possibility of using telecommunications to transmit financial data to Mbabane and Pretoria. With the unreliability and time delays of the "regular" pouch service, only new modes of communications will avert time delays.

AAO/Maputo suggests that IRM evaluate the effectiveness of the our automated information system in FY1987, after we have reached a fully staffed level.

The automated equipment acquisition planned for the FY1985 to FY1989 period is as follows:

	<u>FY1985</u>	<u>FY1986</u>	<u>FY1987</u>	<u>FY1988</u>	<u>FY1989</u>
WANG PC Workstations	5	-	-	2	-
Users per Workstation	2.4	2.4	3.4	2.4	3.0

TABLE VIII (c)
 OBLIGATIONS FOR ACQUISITION, OPERATION
 AND USE OF INFORMATION TECHNOLOGY SYSTEMS

Item and Explanation	FY 1985	FY 1986	FY 1987
1. Capital Investment			
A. Purchase of Hardware Purchase of automation equipment by the Mission, such as WANG VS mini-computer, WANG OIS System, WANG WP equipment and micro-computers (including portables) and their associated workstations/terminals, printers, and telecommunications modems and multiplexers.	36.0	-	-
B. Purchase of Software or Other Equipment Purchase of software by the Mission to operate on existing or new automation equipment (hardware) --- CP/M, Multiplan, DBASE II and III, Microstat, LOTUS 1-2-3, etc. Other equipment includes special purpose furniture.	4.0	2.0	2.0
C. Site and Facility Cost of proposed site construction to prepare for setting up a WANG VS or WANG OIS automation system, such as raised floors, walls, air conditioning, power line conditioners, and the uninterruptable power supplies.	6.0	-	-
S u b t o t a l	46.0	2.0	2.0

TABLE VIII(c) (continued)

Item and Explanation	FY 1985	FY 1986	FY 1987
<p>2. PERSONNEL Mission will provide requirements below for the number of personnel involved in supporting the information technology functions according to the following categories: Number of Personnel engaged in Systems Management, Systems Operation, Programming and Systems Development, and Clerical Support. (Personnel that use systems will not be included.)</p>	(0.0)	(0.0)	(0.0)
<p>A. Total Compensation, Benefits, and ICAL</p>	(0.0)	(0.0)	(0.0)
<p>B. Total Workyears</p>	(0.0)	(0.0)	(0.0)
<p>3. EQUIPMENT RENTAL, SPACE, AND OTHER OPERATION COSTS</p>			
<p>A. LEASE OF EQUIPMENT Obligations for lease and maintenance of non-government owned equipment (rented equipment) and software furnished as a part of the rental contract.</p>			
<p>B. SPACE Obligations for lease of space to or government furnished space to house automatic equipment as well as space for personnel (direct-hire and contractor) involved in the information technology function (see 2A & 2B) including basic utilities and housekeeping services.</p>			

TABLE VIII(c) (continued)

Item and Explanation	FY 1985	FY 1986	FY 1987
C. <u>Supplies and Other Obligations for supplies and software rental (not included in a rental contract for equipment)</u>	2.0	4.0	4.0
D. <u>Non-Commercial Training Obligations for planning and conducting government operated training to prepare users to make effective use of automation resources.</u>	1.0	1.0	1.0
S u b t o t a l	3.0	5.0	5.0
4. <u>Commercial Services</u> This includes obligation for services where payments are made to private industry.			
A. <u>Computer Time</u> Obligations to fund contract with a private firm to provide computer time to the Mission.			
B. <u>Leased Telecommunications Services</u> Obligations for leased telephone lines and other telecommunication services to obtain data from other computers or to transmit data. For missions, where applicable include, but identify separately, the lease of local telephone lines, modems, and other equipment to reach the American Embassy's Office of Communications for the purpose of data to and from AID/W.	0.5	2.0	2.0

TABLE VIII(C) (continued)

Item and Explanation	FY 1985	FY 1986	FY 1987
<p>C. Operations and Maintenance</p> <p>(1) Operations Include funds to be obligated for contractor services to operate a WANG VS computer or an OIS System (system administrator and staff, not workstation operators).</p> <p>(2) Maintenance Include obligations for contracts to maintain government-owned equipment (hardware) and software that is currently in place in 1A and 1B above.</p>	0.5	5.0	5.0
<p>D. SYSTEMS ANALYSIS AND PROGRAMMING Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing application systems.</p>	XXXX	XXXX	XXXX
<p>E. System Design and Engineering (Do not complete - OMB requirement not applicable to AID.)</p>			
<p>F. Studies and Other Obligations for management and feasibility studies, requirement definitions, and commercial training.</p>			
S u b t o t a l	3.0	5.0	5.0
<p>5. T O T A L S Total Obligations Workyears (from Item 2A)</p>	50.0 (0.0)	14.0 (0.0)	14.0 (0.0)

TABLE VIII(c) (continued)

Item and Explanation	FY 1985	FY 1986	FY 1987
6. Special Breakout			
A. Amounts included in Mission allowances for existing systems. (Includes 2A, 3, and 4.) (Services for equipment in place only.)		14.0	14.0
B. Amounts included in Mission allowances for new or expanded systems. (Includes 1, 2A, 3, and 4.) Equipment and services for new efforts beginning during the fiscal year.)	50.0	14.0	14.0
All obligations are for new systems, as this is a new Mission.			

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(d) - Information on U.S. Direct Hire Staffing

Posno.	Position Title	Program Management Responsibility	FY 1985	FY 1986	FY 1987
0005	AID Affairs Officer/Director		0.1	1.0	1.0
	Assistant Director		0.2	1.0	1.0
0010	Food for Peace Officer		0.5	1.0	1.0
0015	Commodity Management/Executive Officer		0.5	1.0	1.0
	Secretary		-	0.9	1.0
	Totals		1.3	4.9	5.0

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII(e) - Information on IDI Staffing

BS Code	Title	FY 1985	FY 1986	FY 1987
------------	-------	------------	------------	------------

None.

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII(f)
 Information on Foreign & Third Country National Staffing

FSN/TCN	Descriptive Job Title	FY		
		1985	1986	1987
TCN	Assistant General Services Officer	-	1.0	1.0
TCN	Chief Accountant	-	1.0	1.0
	Total Direct-Hire	-	2.0	2.0
	<u>Contract</u>			
FSN	Program Assistant	1.0	1.0	1.0
FSN	Secretary/Receptionist	1.0	1.0	1.0
FSN	Food for Peace Monitor	1.0	1.0	1.0
FSN	Executive Assistant	1.0	1.0	1.0
FSN	Driver	1.0	1.0	1.0
FSN	Driver	1.0	1.0	1.0
FSN	Accountant	-	1.0	1.0
	Total FSN Contract	6.0	7.0	7.0

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII(g) - Information on Part-Time Staffing

US/ESN/ICN	Descriptive_Job_Title	FY 1985	FY 1986	FY 1987
------------	-----------------------	---------	---------	---------

None.

FY 1987 ANNUAL BUDGET SUBMISSION
 ADJUSTED TABLE VIII(a)
 Information on U.S. PSC Costs

Job Title/Position Description	FY-1985	FY-1986	FY-1987
Administrative Assistant	12.8	13.8	13.8
Chief Accountant	7.0	-	-
T o t a l	19.8	13.8	13.8

FY 1987 ANNUAL BUDGET SUBMISSION
 ADJUSTED TABLE VIII(d)
 Information on U.S. Direct Hire Staffing

Posno.	Position Title	Program Management Responsibility	FY 1985	FY 1986	FY 1987
0005	Director		0.1	1.0	1.0
	Assistant Director		0.2	1.0	1.0
0010	Food for Peace Officer		0.5	1.0	1.0
0015	Commodity Management/Executive Officer		0.5	1.0	1.0
	Secretary		-	0.9	1.0
	Controller		-	1.0	1.0
	Economist		-	-	1.0
T o t a l s			1.3	5.9	7.0

FY 1987 ANNUAL BUDGET SUBMISSION
ADJUSTED TABLE VIII(e)
Information on IDI Staffing

BS Code	Title	FY 1985	FY 1986	FY 1987
02	Program	-	-	1.0
Total		-	-	1.0

FY 1987 ANNUAL BUDGET SUBMISSION
 ADJUSTED TABLE VIII(f)
 Information on Foreign & Third Country National Staffing

ESN/ICN	Descriptive Job Title	FY 1985	FY 1986	FY 1987
TCN	Assistant General Services Officer	-	1.0	1.0
TCN	Chief Accountant	-	1.0	1.0
	Total Direct-Hire	-	2.0	2.0
	<u>Contract</u>			
FSN	Program Assistant	1.0	1.0	1.0
FSN	Secretary/Receptionist	1.0	1.0	1.0
FSN	Food for Peace Monitor	1.0	1.0	1.0
FSN	Executive Assistant	1.0	1.0	1.0
FSN	Driver	1.0	1.0	1.0
FSN	Driver	1.0	1.0	1.0
FSN	Accountant	-	1.0	1.0
FSN	Secretary	-	1.0	1.0
FSN	Training Assistant	-	1.0	1.0
FSN	Food for Peace Secretary	-	1.0	1.0
FSN	Accountant	-	1.0	1.0
FSN	Driver	-	-	1.0
FSN	Utility Man	-	-	1.0
	Total FSN Contract	6.0	10.0	12.0

FY 1987 ANNUAL BUDGET SUBMISSION
 ADJUSTED TABLE VIII(g)
 Information on Part-Time Staffing

<u>US/FSN/ICN</u>	<u>Descriptive Job Title</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>
US (PIT)	Administrative Assistant	-	1.0	1.0
Total		-	1.0	1.0

FOOD ASSISTANCE UNDER P.L. 480

A. Title I Concessional Sales.

The Mozambican track record with Title I has been excellent. Between 1979 and 1980, the U.S. provided Mozambique with approximately 88,000 MT of wheat and rice under two separate agreements. The GPRM has paid all costs associated with the programs and even now, in face of their serious foreign exchange shortage, has kept current on the repayments of interest due.

In 1985, we re-commenced the Title I program, which provided 20,000 MT of corn, 34,000 MT of rice and 32,000 MT of wheat, in addition to freight costs. Our recent experience amply demonstrates that Mozambican authorities can handle these programs effectively and can meet our statutory requirements. We, therefore, believe that the GPRM will do an equally good job in meeting its financial commitments under the FY1985 P.L. 480, Title I Agreement, as amended. For FY1986 and FY1987, the GPRM is requesting about the same volume and mix of commodities, with the addition of non-edible tallow to be used in soap manufacturing. GPRM is also interested in the concessional sales program for edible beans.

The GPRM understands that the present Title II programs are for the emergency drought situation. They look upon the Title I program as visible commitment on our part to work with Mozambique to resolve its long-term food deficit problems. They also view Title I as a political gesture of support in the post Nkomati period and a recognition of the strengthening of our present excellent bilateral relationship.

The self-help measures under our latest FY1985 Title I agreement are already bearing fruit: on May 6, 1985, the GPRM announced a new pricing policy effecting all types of agricultural products. The authority to establish prices on goats, sheep, fish, and potatoes has been devolved upon provincial governors, allowing them to respond more appropriately to local conditions. The national consumer and producer prices for other commodities were substantially increased. More significantly, however, price controls were removed completely on fruits, vegetables, onions, manioca, sweet potatoes, ducks, turkeys and rabbits.

In light of the extraordinary circumstances highlighted above and in order to demonstrate our tangible support for new economic initiatives, we are requesting a program of \$18,500,000 for Title I in FY1986 and FY1987. This is a higher level than the \$11,000,000 and \$11,500,000 provided in the AAPL.

B. Title II Emergency Assistance.

(1) CARE.

Although not as yet submitted to the GPRM, nor to AAO/Maputo, we understand that, subject to the improvement of the overall rural security situation, CARE will sponsor a Title II emergency program. Through the DPCCN logistic support unit, the program will ensure the timely availability of food in the six drought-impacted provinces of Mozambique. The twelve-month program (scheduled to begin in October 1985) will attempt to meet the on-going needs of the "at risk" population and respond in a timely and effective manner to emergencies or deteriorating conditions, before they are allowed to reach crisis proportions.

This food reserve maximizes programming flexibility, helping to mitigate the anticipated shortfall in overall emergency food aid. It recognizes the geographical or sectoral conditions which donors place on their gifts. Flexible response will enhance DPCCN's central role as coordinating agency among various multilateral and NGO entities.

CARE will seek 23,400 MT of yellow maize, 3,300 MT of vegetable oil, and 3,300 MT of peas/beans. The commodity ration will be 350 grams of cereal, 50 grams of oil, and 50 grams of pulses per person per day, under emergency program conditions. The logistics are in place for such a program. CARE will also be requesting support funds of about \$238,000 for salaries, light vehicles, and general administrative costs.

AAO/Maputo will review the detailed program when received, and will immediately forward it, with recommendations, to AID/W for approval.

AAO/Maputo requests that 30,000 MT be tentatively earmarked for CARE for FY1986 under P.L. 480, Title II (Emergency Programs).

Subject to an improvement in the the security situation in Mozambique, CARE (as well as WVRD and CWS/CCM) will no doubt request regular Title II programs in FY1987. At present, although we have approached various PVO's on a number of occasions, none has shown a willingness to submit such programs and potentially subject their personnel to the uncertainties and insecurity currently encountered in rural Mozambique.

(2) World Vision.

In November 1984, World Vision International (WVI) entered into an Agreement with the Government of the People's Republic of Mozambique to provide assistance to the Tete and Manica provinces in western and northern Mozambique. WVI's implementing partner in Tete is DPCCN; in Manica, it is cooperating with the Mozambican Red Cross. During FY1985, to alleviate human suffering (created by prolonged droughts, civil strife, and recent floods), WVI is distributing 17,000 MT of yellow maize, provided by the U.S. under Title II.

All shipments of maize arrive at Port Elizabeth and are railed to Harare, the port of entry. In Harare, the maize is stored in a bonded warehouse and trucked to five main district centres in Tete and Manica: Changara, Moatize, Mucumbura, Chimoio and Espungabera.

Port Elizabeth is not congested, has adequate storage, and provides excellent security. Shipments are off-loaded and railed inland in a timely fashion. Losses on the Port Elizabeth/Harare rail line have been negligible. (Independent surveys are performed at Port Elizabeth and upon arrival in Harare.) The maize is transported to WVI district centres in Mozambique by truck. The transport contract with a Zimbabwean firm has proven to be an effective arrangement, with the trucker performance rated as excellent.

Approximately 100,000 people are being served by the five main distribution centers (which supply 93 subsidiary distribution points in Tete and Manica). Beneficiaries are estimated as follows:

<u>Center (Province)</u>	<u>Recipients</u>
Moatize (Tete)	16,600
Changara (Tete)	15,400
Mucumbura (Tete)	11,500
Chimoio (Manica)	45,400
Espungabera (Manica)	4,800
Total	93,700

The monthly ration is 15 kilograms of maize per person.

Within Mozambique, receiving, storage, and distribution at the five centers is organized by the DPCCN (in Tete) and the Mozambican Red Cross (in Manica). In Tete, CARE provides the DPCCN with logistic support, which includes adequate provision of trucks for regular distribution.

For logistic purposes, the WVI office is presently located in Harare. The program director is assisted by an office staff of three and three Brazilian field supervisors. Permanent sub-offices in Tete and Chimoio will be established in the next few months. WVI field supervisors are currently involved with end-use checking, warehouse documentation, organization of transport, monthly reporting, and liaison with local partners.

Regular monitoring of all phases of the distribution in Mozambique continues as security permits. Currently travel outside the provincial capitals and district centres often requires a military convoy. Quarterly reports to AAO/Maputo and the GPRM include narrative updates and commodity and recipient status reports.

For FY1985, World Vision has an approved budget of \$1,418,500, of which \$1,000,000 pays for inland transport from Harare to Mozambique and the primary warehouses. Transportation inland to the village level is provided by DPCCN and the Red Cross at their expense. WVI also has an OFDA grant for FY1985 for an additional \$247,800 to provide some salaries, purchases of trucks, maintenance, and other distribution costs.

Although the outlook for FY1986 is generally better than has been the case in recent years, the on-going famine in some areas of the country and the rural strife (which disrupts normal economic development) necessitate continuing assistance for the Mozambican people.

WVI intends to continue a general feeding program for another year, on an emergency basis, which will assist with the GPRM's rehabilitation program. Attempts are being made to find other donors to contribute such additional needs as salt, sugar, blankets and clothing. By the end of FY1986, WVRD may consider a regular Title II program.

World Vision will request the following emergency Title II commodities for FY 86:

Commodity	Daily Ration (in_grs.)	Daily Recipients	Daily Total (in_kgs.)	Monthly Total (in_kgs.)	Annual Total (in_MT)
Oil	60	100,000	6,000	180,000	2,160
CSM	150	100,000	15,000	450,000	5,400
Corn (Yellow)	150	100,000	15,000	450,000	5,400
Beans	50	100,000	5,000	150,000	1,800
T o t a l					14,760

It is WVI's intention to improve further the relationships with the GPRM, other NGO's and local voluntary organizations. At the request of DPCCN and other local agencies, they will continue to work in the emergency relief effort and expand their rehabilitation efforts to other communities throughout Mozambique.

AAO/Maputo requests that 14,000 MT of Title II corn be reserved for the World Vision program in FY1986.

(3) Church World Service/Christian Council of Mozambique
(CWS/CCM)

In October 1984, CWS/CCM submitted a Title II proposal for the emergency feeding of 34,000 drought victims in ten locations in Inhambane. Corn, rice, beans, and vegetable oil totalling 3,754 MT (valued at approximately \$1,700,000) is scheduled to arrive in June 1985. Through a grant from DFDA, CWS/CCM was able to obtain 50 percent of the costs of procuring four Leyland trucks, related spare parts, and the 24,000 liters of fuel needed to transport their rations. CWS/CCM will work with DPCCN at both the national and local level.

Off-loading facilities in Maputo and Inhambane are fully adequate to handle the amounts of food foreseen in the project. Cargo surveys are standard and are performed by the SGS (General Superintendent Services), an international firm which is independent of the government. As a result of the lack of economic activity in Mozambique, there is an surplus of storage capacity in Maputo and Inhambane.

Shipping documents are consigned to CWS/CCM; it countersigns them to DFCCN, the GPRM entity responsible for receiving, clearing customs, storage, transportation, and related costs. All goods will arrive in the port of Maputo and will be transshipped to the port of Inhambane by DPCCN.

The CWS/CCM distribution supervisor will monitor all receipts and disbursements of contributed commodities from DFCCN warehouses in Maputo. The CWS/CCM provincial coordinator for Inhambane will monitor receipts and disbursements of donations from Inhambane city warehouses. CWS/CCM representatives at the district level normally participate in local food distribution and will provide monitoring services.

Existing facilities are adequate for preventing spoilage and waste. Primary problems facing in-land transportation are scarcity of trucks, and insecurity in some part of the province. The truck problem has been resolved by an OFDA grant. However, where circumstances require, DPCCN will arrange for military escorts to enable food to reach all target groups listed in the program proposal. DPCCN will maintain physical control of relief supplies, while CWS/CCM representatives will participate in determining location and scheduling of distributions.

The program will operate at the following locations in Inhambane Province:

<u>Location</u>	<u>District</u>	<u>Number of Recipients</u>
Massinga (city)	Massinga	4,000
Morrumbene (city)	Morrumbene	4,000
Homoine (city)	Homoine	4,000
Carolina (city)	Vilanculos	1,500
Maxine (city)	Maxixe	5,000
Cumbara	Jangamo	4,000
Maloba	Massinga	2,000
Madara	Jangamo	2,000
Mavela	Zavala	2,000
Panda	Panda	5,000
T o t a l		33,500

Food distribution is planned once per month. Storage is adequate. CWS/CCM representatives will participate in the actual distribution. The average family size to be expected is

ten individuals. Rations will be based on WFP feeding standards. In addition to the P.L. 480 commodities, sugar and salt will be distributed; these are being financed by CWS/CCM from their own resources.

CWS/CCM coordinates its relief work closely with DPCCN. CWS/CCM also meets with other NGO's active in relief work once a month to coordinate activities and share information. According to CWS/CCM representatives, there are no other NGO's serving the target group in Inhambane province. The provincial governor approved the CWS/CCM request to initiate food distribution within Inhambane.

Country: Mozambique

FY1987 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

<u>Commodities</u>	<u>Actual</u>		<u>Estimated</u>		<u>Projected</u>	
	<u>FY1985</u>		<u>FY1986</u>		<u>FY1987</u>	
	\$	MT	\$	MT.	\$	MT
<u>Title I</u>						
Corn	2.4	20				
Rice	9.5	34	9.0	30	9.0	30
Wheat	5.1	32	4.7	30	4.7	30
Tallow (inedible)*	-	-	2.3	5	2.3	5
Beans (dry edible)**	-	-	2.5	5	2.5	5
T o t a l	17.0	86	18.5	70	18.5	70

Title III

None.

Comment:

* For use in soap production.

** GPRM recently requested beans for the FY1986 and FY1987 Title I program.