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TECHNICAL EVALUATION

MOZAMBIQUE

PRIVATE SECTOR REHABILITATION I PROGRAM

COMMODITY IMPORT COMPONENT

GRANT NO. 656-K-601

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TABLE OF CONTENTS

1.	Executive Summary	1
1.1	Introduction	1
1.2	Summary of Findings	2
1.3	Recommendations and Lessons Learned	4
2.	Background on the Program	6
2.1	Political Background	6
2.2	Economic Background	6
2.3	Original Objectives	7
2.4	AAO/Maputo Requirements	8
3.	Policy Dialogue with the Government of the People's Republic of Mozambique	9
4.	Relationship Between the Commodity Import Program and the Private Sector Agricultural Economy	12
5.	Economic Effects of the Program	13
5.1	Agriculture Sector and Economic Linkages	13
5.2	Local Currency Funds	14
6.	Balance of Payments	15
7.	Development Impact	16
7.1	Measured by Specified Objectives	16
7.2	Political Impact and the Private Sector	16
7.3	Unintended or Unforeseeable Effects	17
7.4	Complementarity with AID Goals	18
7.5	Equity Considerations and Beneficiaries	18
8.	Management of the Program	19
8.1	Arrival Accounting and Automated Data Processing Systems	19
8.2	Efficiency of Commodity Distribution	20
8.3	End-Use Audits and Local Currency Accounts	21
8.4	Recommendations for Improving the Deposit System	23
8.5	Relationships within the AID Affairs Office	25
8.6	Relationships with the Government of the People's Republic of Mozambique and the Local Import Community	26
8.7	Size and Composition of Staff	26

2

TABLE OF CONTENTS
(continued)

Annexes:

- A. Scope of Work
- B. Methodology
- C. General Background:
Mozambique since Independence
- D. CIP Files Examined
- E. Produce, Market Supply, and Prices
- F. Commodity Procurement
- G. People Interviewed
- H. Organizational Chart
- I. Chokwe Beneficiaries
- J. Memorandum from Hagan to Huesmann,
Re: Mozambique Commodity Import Programs

ABBREVIATIONS

AAO/Maputo	AID Affairs Office, Maputo, Mozambique
ADP	Automated Data Processing
AFR/SA	Office for Southern Africa, Bureau for Africa (AID/Washington)
AID	Agency for International Development
AID/W	Agency for International Development, Washington, D.C.
CIF	Commodity, Insurance, and Freight
CIP	Commodity Import Program
FRELIMO	Frente para a Libertação de Moçambique ("Mozambique Liberation Front"), sole official party in Mozambique
FY	Fiscal Year
GPRM	Government of the People's Republic of Mozambique
IBRD	International Bank for Reconstruction and Development ("World Bank")
IMF	International Monetary Fund
MONAP	Mozambique-Nordic Agricultural Program
MT	Metical (plural: "Meticais")
PAAD	Program Assistance Approval Document
PAIP	Program Assistance Identification Proposal
PSR	Private Sector Rehabilitation Program
RFQ	Request for Quotations
REDSO/ESA	Regional Economic Development Services Office/East and Southern Africa
USAID/Swaziland	United States Agency for International Development, Mission to Swaziland
USDO	United States Disbursing Officer (Paris)
USG	United States Government

1. EXECUTIVE SUMMARY.

1.1. Introduction.

The evaluation of the commodity import component of the Private Sector Rehabilitation (PSR) I Program (656-K-601), was undertaken during January and February, 1986 by

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- Peter Hagan, Division Chief, M/SER/AAM/OS;
- Jose Marques, Commodity Import Monitor, AAO/Maputo; and
- Judi Shane, Commodity Management and Executive Officer, AAO/Maputo.

The evaluation methodology used was based on the general evaluation requirements specified on Page 46 of the Program Activity Approval Document (PAAD), dated September 19, 1984. The specific scope for the evaluation was developed, in November, 1985, by the Program Activity Identification Proposal (PAIP) mission, charged with designing a third commodity import program (CIP) utilizing FY 1986 funding for PSR III.

The evaluation team used the new "Evaluation Guidelines for Non-Project Assistance (CIP) and CIP-Like Activities" (AID Program Design and Evaluation Methodology Report No. 4, dated August, 1985) in performing the evaluation. The guidelines were extremely helpful in orienting the team and directing the assessment. Annex A contains the general evaluation requirements and the scope of work. Annex B discusses the evaluation methodology and the use of CIP evaluation guidelines.

As defined in the PAAD, the the Mozambique program aims at the rehabilitation of the private sector. Two sub-purposes support this overall objective:

- to increase food production in the Maputo market area by selling currently unavailable inputs to family, cooperative, and commercial farms; and
 - to assist in meeting the critical need for managerial and technical skills in support of the private sector.
- 3

The program seeks to revitalize the private sector via two discrete components: a commodity import element to stimulate private farmer food production and a technical assistance and training activity to address the need for technical and managerial skills. The importation of commodities will include:

1. spare parts to repair economically viable equipment;
2. new equipment to replace that which is beyond repair or to expand current production capabilities; and
3. agricultural inputs to increase food production and rural income.

The CIP component will be implemented in the first year. The technical assistance component will be implemented over three years. This evaluation does not cover the technical assistance element.

1.2. Summary of Findings.

If the goal and purpose of the Private Sector Rehabilitation Program is to "rehabilitate the private sector, especially agriculture, so as to increase food production by selling currently unavailable inputs to private farmers", then the PSR I CIP, funded in FY 1984, has been a successful first step in the process.

The new CIP evaluation guidelines ask four questions concerning the evaluation of a CIP:

- (1) how well has the program been managed,
- (2) to what degree has it met its documented goals and objectives,
- (3) what has been its impact within the recipient country (which may involve unintended goals and objectives), and
- (4) what lessons are to be learned?

This evaluation concludes that the program has been effectively and efficiently managed. The commodities imported were appropriate for the stated needs of the target sector, they arrived in a timely manner, and they were of good quality. Further, they were available to the end user, exclusively, to the private and family sector farmers, in time for the next appropriate planting season.

The program has met its documented goals and objectives. The basic agreement between the GPRM and AID covered four policy issues:

6

- (a) lessening producer price controls on agricultural commodities;
- (b) devaluing the local currency to close the gap between the official and parallel market rate;
- (c) greater reliance on the market rather than on public sector agencies for the allocation of resources; and
- (d) lessening the dependence of the economy on parastatals and government enterprises.

In return for continued action on those issues, AID agreed to make inputs available to the private agricultural sector, thereby increasing food production in the Maputo market area.

For its part, the GPRM has liberalized prices on produce (i.e., fruits and vegetables, including root crops) and has made land from state farms available to the private sector, thereby lessening the economic dependence on the state enterprises. There are also indications that the market is starting to have a greater role in resource allocations. On the other hand, the GPRM has not yet dealt with the devaluation of the local currency.

The private agricultural sector (which includes commercial, family, and cooperative farming) has responded by increasing agricultural production, taking advantage of the AID-financed CIP inputs and the incentives of a free market price. The evaluation team realizes that the causal relationship cannot be economically or statistically documented due to the lack of market data, but the fact remains that in January, 1985 there was very little produce in the Maputo markets. A year later, there is now a good supply and an adequate selection of produce, but at fairly expensive prices (if one considers the official exchange rate). (See Annex E).

The principal objectives --- dealing with agricultural production and economic change --- are discussed above. Additionally, the evaluation team notes that the FY 1984 CIP has had a substantial political impact on the target sector. The United States is now seen as the principal benefactor of the Mozambique private agricultural sector. As a Chokwe farmer expressed it:

America has given the private farmers back their pride, and we can again hold our heads up."

Further, it should be pointed out that many changes have taken place in Mozambique since 1984. In the Chokwe area in 1983, there were only 200 hectares cultivated by the private sector. Beginning with the "first season" in September, 1986, the private sector will plant over 4,000 hectares, while the production on some of the state farms will be reduced by as much as 30 percent.

In 1985, for the first time since independence in 1975, mechanized agricultural equipment is being made available to the private sector. The GPRM is facilitating other inputs and factors of production for private farmers. Family, commercial, and cooperative farmers are responding to this new official overture and production will certainly increase as a result of these changes.

Future problems are bound to develop, most probably in the transportation sector. There will be a growing demand for marketing services required for an ever-growing number of independent private producers.

1.3. Recommendations and Lessons Learned.

Based on field trips, discussions with farmers, GPRM officials, and AAO/Maputo personnel, and personal observations, the evaluation team has made a number of suggestions to AAO/Maputo management. These recommendations, which are indicated below, have been considered in the design process of the follow-on PSR CIP III. As the evaluation was conducted prior to and during the PAAD development for CIP III and many of the evaluation team members were also involved in the PAAD effort, we had a unique opportunity to utilize the evaluation as a program design tool to modify and improve CIP III.

Recommendation 1. That the program continue to supply the same kinds of inputs to the same target area and end users in sufficient quantities to sustain the present program, before expanding to new areas, target groups, or types of commodities.

Recommendation 2. That the AAO/Maputo CIP staff develop an output monitoring system to measure the agricultural production which is attributable to the AID-financed inputs. The system should be included in the AAO/Maputo automated data processing (ADP) system. This will permit the office to develop a data base to measure more effectively the increase in production.

Recommendation 3. That the AAO/Maputo, Commodity Management Division be expanded to include a local hire CIP agricultural production output monitor, with transport capabilities sufficient to reach target populations.

Recommendation 4. That AAO/Maputo staff (primarily the AID Affairs Officer, the Commodity Management/Executive Officer, and CIP Monitor) spend additional time in the target zones to be better informed of the program activities.

Recommendation 5. That AAO/Maputo begin to develop a longer-term policy dialogue framework which will be tied to future AID assistance efforts in Mozambique. In an effort to enhance the success of future policy dialogue efforts, AAO/Maputo may consider a comprehensive framework linked to the total AID assistance effort in Mozambique, including both non-food and food assistance.

Recommendation 6. That AAO/Maputo carefully review the current system of deposits with the Ministry of Finance and the Bank of Mozambique and agree upon the steps required to improve the system. (Section 8.3 provides some detailed suggestions on how to improve the system.)

Lesson Learned. That a relatively small program, if directed at a specific economic sector in a target geographic area, can have a major impact.

9

2. BACKGROUND ON THE PROGRAM.

2.1. Political Background.

Mozambique gained independence from Portugal in June, 1975. At that time, FRELIMO, the ruling party, inherited a heavily import-oriented economy devastated by prolonged war and depleted of skilled manpower. After independence, about 90 percent of the 250,000 Portuguese, who had occupied nearly all administrative and technical jobs, left the country. Farms and factories were abandoned. The situation was exacerbated in the following years by the combined effects of widespread internal strife and recurrent natural calamities.

The Government of the People's Republic of Mozambique (GPRM) intervened in abandoned enterprises, appointing administrators and providing financial resources to maintain farms and factories open to ensure employment. It also moved to nationalize education and health care. In other sectors, such as financial services, transport, agriculture, and industry, the GPRM nationalized many of the larger entities. The interventions of the state was an attempt to implement the mandate of the Third FRELIMO Party Congress (in 1977) which envisioned the creation of a socialist state with a centrally planned economy.

The effect was a collapse of the economy with output falling as much as 60 percent in many sectors, particularly agriculture. Cash and food crop production dropped drastically. An estimated 700,000 tons of imported cereal were required for food aid from 1980 through 1985.

2.2. Economic Background.

The GPRM recognized that its economic strategy was not working and it approved a fundamentally new approach during the Fourth FRELIMO Congress Party meeting in April 1983. This pragmatic approach emphasizes the role of the family and commercial producers in agriculture and the importance of having basic consumer goods available to serve as incentives for farmers to produce. Foreign investment and economic cooperation with Western nations were also encouraged. The GPRM de-emphasized investments in

10

inefficient state farms, transferring land and some equipment from state farms to cooperatives and private commercial farmers. ..

In industry, priorities have been redefined to give importance to the local production of basic farm inputs and "incentive" goods, with investment to be concentrated in small and medium scale industries. The GPRM focus was to increase the utilization of existent capacity (by importing raw materials and spare parts and by rehabilitating equipment), rather than create new capacity in large industrial schemes. Finally, it has actively sought private investors to take over intervened firms: industrial plants have been turned over to the private sector.

To encourage foreign investment and participation in the Mozambique economy, the GPRM enacted a new, liberal investment code in 1984. It has joined the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and Lomé III. Additionally, the GPRM has signed an OPIC agreement with the United States.

2.3. Original Objectives.

The Private Sector Rehabilitation (PSR) Program consists of two components: a commodity import program (CIP) and a technical assistance and training component. The CIP is designed to address the need for agricultural inputs to revitalize private sector agriculture, especially in food production. The technical component is designed to address the critical need for managerial and technical personnel to support the economic recovery of the private sector.

The purpose of the CIP is to provide currently unavailable agricultural inputs to family, cooperative, and commercial farmers in the Maputo market area. Under PSR I, AID will provide \$6.0 million for direct procurement by the GPRM or local private sector distributors. Private distributors are few in number, but will be used when possible to supplement or supplant parastatals. The Ministry of Agriculture will coordinate all distribution of the commodities to the field.

Commodities imported under the CIP are limited to:

- spare parts to repair equipment,

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- new equipment to replace that which is beyond repair or to expand current production capabilities, and
- agricultural inputs to increase food production.

The supply of inputs is so inadequate in Mozambique that in order to generate increased food surplus, nearly a full range of agricultural inputs is required. Therefore, to maximize impact, the CIP will provide a wide range of inputs, but concentrate on limited geographical areas. Two regions were selected: the Green Zones, a densely populated small farmer area outside of Maputo, and the Chokwe District on the Limpopo River, about 100 miles north of the capital.

2.4. AAO/Maputo Requirements.

The FY 1984 CIP was the first development-related, non-food AID program in Mozambique, and thus had a major impact on personnel requirements. It required an AID presence: the establishment of a AID Affairs Office. The immediate procurement requirements indicated the need for the specialized skills of a direct hire Commodity Management Officer. The monitoring of inputs would also require additional staff time. The validation of the results of the inputs would also become a major undertaking, requiring the measurement of the causal relationships between AID supplied inputs and increased marketed output.

In addition to the increases in staff, an effective ADP system was needed, requiring the necessary computer hardware and software with enough capacity and flexibility both to implement the CIP activity and to create a data base suitable for economic analysis. In October, 1984, the Supply Management Officer, assigned to Maputo on a long-term TDY basis, arrived with a Wang PC and software packages developed at AID/W.

3. POLICY DIALOGUE WITH THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF MOZAMBIQUE.

- The PAAD identifies four major areas of policy reform:
- (a) lessening producer price controls on agricultural commodities,
 - (b) devaluing the local currency to close the gap between the official and parallel market rate,
 - (c) greater reliance on the market rather than on public sector agencies for the allocation of resources, and
 - (d) lessening the dependence of the economy on parastatals and government enterprises.

Lessening Price Controls. The evaluation indicates that progress has been made in three out of the four areas. First, producer price controls have officially been "liberalized" for produce, so that the market place determines the effective price for fruit and vegetables, including roots and tubers. In addition, a greater quantity of cereals seem to be moving through the informal markets in rural areas at about twice the official price.

In the Chokwe area (a 25,000 hectare irrigation scheme), farmers are required to sell 60 percent of their production to the Ministry of Internal Commerce at established official prices, but can do as they like with the remaining 40 percent. Although a portion is kept for personal consumption, with an ever-expanding private sector made up of commercial producers, an increasing amount of cereals will become available from this 40 percent. This production should be available in the free market with prices determined by supply and demand.

Allocation of Resources. Market factors also appear to be influencing resource allocation to a greater degree as a result of the inputs made available under the CIP. The casas agrarias ("agrarian houses"), as well as the other retailers in the Green Zones and in Chokwe, are selling all inputs, except the major equipment items, to any commercial, family, or cooperative farmers, who wishes to buy the item.

It is interesting to note that hoarding or inefficient use of input supplies and spare parts does not seem to be occurring and the high-value equipment (such as trucks and tractors) are not under-utilized. The use of fertilizer on

rice and vegetables would appear to be somewhat high by U.S. standards, but farmers who were operating before independence indicate that the application rates have not greatly increased in recent years. There does not seem to be much of a response in fertilizer application rates to the doubling of the official price during the last year.

Lessening the Dependence on State Enterprises. The size and number of state farms are being reduced in the Chokwe area, and the land is being made available to the private sector, thereby lessening the dependence of the economy on the state-owned agricultural enterprises. The largest and most successful state farm in the Chokwe area has been reduced by 900 hectares (from 3,200 to 2,300 hectares). That land has been redistributed to the private commercial (300 hectares) and the family (600 hectares) sectors.

In addition, two new areas, Mapapa and Nivuachicoluane, have been opened since the end of 1983 and have provided an additional 1,880 hectares to commercial farmers and 1,310 hectares to family farmers. The only agricultural inputs officially available for the private sector in the Chokwe district come from the CIP.

Devaluation of the Metical. The evaluation team noted the problems caused by the overvalued metical. We understand, however, there has been some progress recently in focussing the GPRM's attention on this major problem. The team was advised that during the IBRD and IMF missions to Mozambique in November, 1985, the question of devaluation (by magnitudes, not percentages) of the metical was frankly discussed with GPRM officials. In debriefing meetings in Washington, the IMF and IBRD advised USG officials that the GPRM was actively considering a devaluation of the metical, further liberalization of prices, and credit controls.

The individual ministries and the Bank of Mozambique --- which would be involved in a broad, comprehensive set of policy reforms --- and the Council of Ministers have reviewed options proposed by the international financial institutions. A select task force of the Political Bureau, the highest level within the FRELIMO party hierarchy, is now considering the economic measures to be taken, which may have significant social and political impacts.

14

Other Opportunities for Policy Dialogue. In 1985, AID was the largest donor of food assistance by far, supplying about one-third of the total food provided by the donor community. This aid amounted to some \$43 million. As the GPRM focuses more of its attention on food requirements than on any other donor-supported activity, AID should carefully consider food aid as another opportunity to engage in a policy dialogue.

At a minimum, our food assistance and the CIP complement each other. The self-help measures included under Title I include the same private sector, open market, and price de-regulation orientation of the CIP. Local currency generations of both P.L. 480 and the CIP can be utilized for the same developmental purposes.

11

4. RELATIONSHIP BETWEEN THE COMMODITY IMPORT PROGRAM AND THE PRIVATE SECTOR AGRICULTURAL ECONOMY.

In an attempt to establish the relationship between the FY 1984 CIP and the Mozambique private agricultural sector, an examination of the 1984 PAAD and the FY 1986 PAIP completed in November of 1985 was most helpful.

Information derived from the numerous interviews conducted during the evaluation indicate a very direct relationship between the CIP and the specific economic sector to which it was directed. Maria de Jesus Rocha (MONAP Advisor to the Maputo Green Zones Program) and Inacio Muchanga (Manager of Casa Agraria No. 7 in Machava) concur that 90 percent of the seeds, fertilizers, hand tools, and other imported supplies available to the Green Zones private sector are provided through the CIP.

In Chokwe, Mr. B. Sitoi, Director of Mecanagro, the parastatal distributor of the CIP-provided ox drawn and tractor powered equipment, stated that the AID program was the only source of such equipment available to the private commercial and family sectors.

As for the tractors, trucks, and tractor spare parts, the interviews with Mr. Manuel Jose of Entrepuesto (the Massey Ferguson dealer) and with Mr. Capucho Paulo of Tecnica Industrial (the Ford dealer) confirmed that AID was the only source of supply of new equipment and spare parts provided specifically to the private sector.

Both of these firms are privately owned and import spare parts under the CIP. These spares, which are separately stored and inventoried to facilitate monitoring and control, are used exclusively to repair or overhaul tractors belonging to private farmers. Interviews with farmers in far-away Chokwe and Manhica revealed that they knew of the availability of these spares reserved for the private sector --- and were availing themselves of this opportunity to repair tractors, which in most cases were between 10 and 20 years old.

Given the fact that the private agricultural sector had been practically ignored for the eight years between independence and 1983, the decision to allocate the CIP-supplied inputs to this specific sector appears to have been a sound one.

5. ECONOMIC EFFECTS OF THE PROGRAM.

5.1. , Agriculture Sector and Economic Linkages.

The example given in the "Guidelines", Page 3, Section 6.1.2. "Problems in Determining Causality" would apply almost in its entirety to the situation in Mozambique. The CIP of PSR I was designed to finance resources for the private agricultural sector in specific geographic areas. While our assistance was not conditioned on the de-control of agricultural prices, a continuing, supportive policy dialogue helped to convince the GPRM that price liberalization could stimulate agricultural production.

The evaluation suggests that the expected economic chain of events took place. With the availability of CIP-provided inputs to the private sector for the first time in years and with the liberalization of prices, produce reappeared in the Maputo markets. The dramatic impact is evident by a front page photograph in the Maputo daily newspaper which shows a street vendor roasting ears of corn and selling it to passersby. The sub-title read: "After an absence of years, it reappears on the streets of Maputo!"

Of equal importance is the effect the CIP had on demonstrating the productive capacity of the private sector. The GPRM had to see positive results of its private sector initiatives, and the CIP provided the inputs required by commercial, family, and cooperative farmers for them to assert their role as a dynamic engine of growth and production.

This evaluation indicates that because the CIP supplied 90 percent of the inputs available to the private sector and because the GPRM undertook Title I self-help measures (to study the price regime and its impact on spurring production, which led to policy changes), marketed production of produce increased.

Two other factors contributed to the success of the CIP:

- (a) the ability of the "Green Zones Authority" and the casas agrarias to distribute the inputs on a timely basis, and
- (b) the capability of the present Maputo marketing system (supported, in part, by the addition of CIP-financed trucks) to move the produce to market.

Perhaps, with such exogenous factors as the return of the rains or the increase in insurgent activity, it is impossible to establish an undisputed causal linkage between the actions brought about by the CIP and the increase in availability of vegetables in Maputo. Perhaps it would be academic to attempt to pinpoint the percentage of increased marketed production which could be attributed to each of the various factors (or the various sub-sectors of the agricultural economy). Our interviews indicated that without the AID inputs (seed, fertilizer, tractors, etc.) and the change in pricing policy, the increase would not have occurred --- or would not have been so dramatic.

5.2. Local Currency Funds.

(See 8.3. End-use Audits and Local Currency Accounts.)

6. BALANCE OF PAYMENTS.

Mozambique faces an acute scarcity of agricultural inputs. Interviews with the importers of seed, fertilizer, hand tools, and farm equipment indicated that donor funding was the only source of financing for such items during the last year. The only fertilizer to come into the country beside the 5,000 tons from AID for private farmers was 10,000 tons of urea from Japan for the state farms. Given the fact that practically all inputs going to the private agricultural sector came from the CIP, it became very obvious that without this support, the sector could not have functioned adequately, nor demonstrated its dynamic, productive capacities.

7. DEVELOPMENT IMPACT.

7.1. Measured by Specific Objectives.

The development target is quite specifically defined in the CIP agreement as

the rehabilitation of the private sector, especially agriculture, to increase food production for the Maputo market.

The desired increase in production has started to occur.

In March of 1985, prior to the availability of AID inputs and the liberalization of prices, there was practically no produce available in the central Maputo market and the other local markets were almost nonfunctional. Today, in the middle of the hot season (when vegetables have never been very plentiful in the past), there is a wide range and adequate supply of vegetable and fruit in the markets throughout the city (see Annex E). Interviews with local farmers indicate that the inputs supplied are appropriate and have been made available to a maximum number of beneficiaries. At this point, "hard" market data are not available to prove the causal relationship, but governmental and parastatal officials confirm that the CIP is supplying 90 percent of all inputs available to private sector agriculture.

6.2. Political Impact and the Private Sector.

Although the evaluation scope of work did not call for a political impact analysis, the evaluation team found a clear and positive public perception of the contribution made by this program. Private and family sector farmers were very much aware of the source of the inputs. One farmer told the evaluation team that:

America had given the private farmers back their pride, and now they could hold their head up, because they were again accepted.

At another farm a hired man, not the owner, volunteered the information that the inputs had been supplied by the United States and that "America was a good friend of Mozambique."

During the September, 1985 visit of Mozambican President Machel to the U.S., the value of AID's private sector CIP and technical assistance project was cited. The timely implementation of a CIP was tangible evidence that the United States could respond quickly to the needs of Mozambique.

The Minister of Agriculture, during his November, 1985 trip to U.S., emphasized the economic as well as the political value of the CIP. The Minister said that the quick provision of the AID-financed inputs to private farmers greatly enhanced the credibility of the Ministry of Agriculture and reinforced GPRM's liberalization policies. The political impact of a program that is the only source of inputs to a specific economic sector, as important as private agriculture, is bound to be visible.

In addition to the purely political impact, the program has had other very apparent, although not statistically verifiable, effects on private agriculture. Most farmers reported that they expected an increase in output from the inputs supplied and would require more labor, particularly at harvest time. They were also well pleased with the inputs. In all but a couple of instances, the equipment was appropriate to the situation and the fertilizer was the type the farmers were accustomed to using. With the exception of one variety of pumpkin and one kind of cabbage, the seeds were adaptable to Mozambique and were of good quality.

7.3. Unintended or Unforeseeable Effects.

The unforeseen effects of the program are just starting to surface, but a couple will definitely have future implications. First, and of primary importance, is the admission that the private sector can exist and function in response to market forces. This has taken the pressure off government officials and has allowed numerous informal input distribution and marketing channels to start to emerge.

Second, the development of a functional private sector in agriculture with many small producers will require a more extensive distribution and service infrastructure. The Massey Ferguson dealer told us they would have to expand their service, spare parts, and repair shop operations, because they were now going to have to service many private customers rather than a few large state farms. The dealer has already expanded his repair shop and is in need of more

trained mechanics. (The technical assistance component of PSR I includes an activity which will train field-oriented agricultural repair technicians.)

A third unforeseen impact is the extent to which state farms are voluntarily divesting (via sale) of some of their farm equipment. Private farmers are bringing in tractors for repairs that they have "acquired" from the state farms. This appears to be as a result of the fact that word has gotten out that spare parts are available for the private sector. In Chokwe, we were shown a combine (that in the U.S. would have been junked), which a farmer was going to have rebuilt with "American" spare parts.

The future growth of the private sector will also place greater demands on the systems for marketing and distribution services, especially transportation. Discussions with the importers of fertilizer indicated that they only imported 15,000 tons of fertilizer from two donors this year, while five years ago they had brought in 60,000 tons for the state farm system. The existing system was able to handle this year's 5,000 ton CIP allocation to private agriculture, but how it will handle four times that amount remains to be seen.

7.4. Complementarity with AID Goals.

(See 2.3. Original Objectives and 8.4. Recommendations for Improving the Deposit System.)

7.5. Equity Considerations and Beneficiaries.

One of the concerns raised at the time of the design of the program was the existence of an efficient and effective allocation system so as to assure that a maximum number of individuals would benefit from the inputs. From the interviews with retailers and end-users, the evaluation team learned that, except for the high-value items, the inputs were made available to anyone in the private sector, within the target areas. An examination of the data in Annex I shows that 20 percent of the target population in Chokwe benefited directly from the CIP. Of equal interest was the fact that there were no indications of hoarding or "black marketing" of CIP inputs.

8. MANAGEMENT OF THE PROGRAM.

(Note; Given their interests in and direct responsibility for the overall management of the CIP, Judi Shane, Commodity Management and Executive Officer (CM/EO), and Jose Marques, CIP Monitor, AAO/Maputo, did not participate as evaluators for this portion of the evaluation.)

8.1. Arrival Accounting and Automated Data Processing Systems.

A review of the automated data processing (ADP) arrival accounting system printouts and the official CIP files indicated that records for CIP I were in good order.

The CIP was the first program to be put on the AAO/Maputo ADP system. The arrival accounting aspect of the system enabled the evaluators to appraise themselves quickly and effectively of the status of the FY 1984 CIP. However, in trying to use the ADP system to access and evaluate the formal CIP files, some difficulty was encountered as the ADP system starts with the date of issue for the letters of credit. A discussion with Jose Marques, the CIP Monitor, led to an examination of the records of the follow-on CIP II (funded in FY 1985), which have been modified to include a greater amount of data. The FY 85 records start with the date of issue of the RFQ, and include contract closing and award dates, as well as the actual arrival dates for the commodity.

The CIP spread sheet system is a principal component of the AAO/Maputo ADP. It is a "Lotus" spread sheet and data base developed and maintained primarily by Jose Marques. The FY 85 CIP system functions well and should be continued.

There is wealth of information compiled in the data base and the potential to retrieve it almost instantly is an important feature to the AID Affairs Officer (AAO). As an example, during the evaluation, information on the types of commodities imported, the sources and origin, and amounts of various awards was requested by the Ambassador and the visiting Assistant Secretary of Commerce. What could have required many hours of calculations and data collection was provided in a little less than ten minutes. This type of data at a finger tip is definitely an advantage to an office which has many Congressional and staff visits.

8.2. Efficiency of Commodity Distribution.

An examination of AAO/Maputo records (as supplemented by field interviews) indicated that the FY 1984 CIP has functioned well even under rather difficult and unusual circumstances. In this regard, it will be useful to review events leading up to the establishment of the Private Sector Rehabilitation CIP and subsequent implementation actions.

An initial survey mission, headed by Glenn Patterson, visited Mozambique in May, 1984 and recommended that a combined commodity import and technical assistance program be considered by AID. After the July, 1984 visit of the Administrator, a decision was made to establish an AID presence in Maputo and to begin a non-food bilateral assistance program. A team of two Project Development Officers, an Agricultural Officer, and a Supply Management Officer were immediately sent to Maputo to facilitate the design of the program and the drafting of a PAAD.

In September, 1984, the PAAD was authorized and the first tranche of funds were obligated --- less than two months from the date of the Administrator's visit. Two Portuguese-speaking U.S. direct hire staff were assigned on a long-term TDY basis to open an AID Affairs Office and implement the PSR Program. Conditions precedent to disbursement were met on November 19, 1984; implementation began in earnest on November 30, with the issuance of Financing Requests; the first letter of commitment was signed in February, 1985.

By late February, 1985, the first commodities had arrived: fertilizer from the U.S. and pea and bean seed from South Africa. As of mid-July, 1985, commodities with a total CIF value of \$3.7 million had arrived; these included fertilizer, seeds, farm machinery, hand tools, trucks, and spare parts. By the end of 1985, nearly 90 percent of the commodities had arrived in country, and most were available to the end users. The quick start-up and implementation of this CIP has to be an AID record, perhaps even surpassing the Agency's earlier timely start-up for the Zimbabwe program in 1980.

Records and interviews indicate that commodities were cleared through the port and customs in less than two weeks. In most cases, within a month of their arrival in-country, AID-financed agricultural inputs were being sold in the target areas.

The commodity list included 10 major categories, as indicated in Annex C, and included:

- \$1,400,000 of fertilizer,
- \$ 700,000 of seeds,
- \$1,500,000 of farm machines and spare parts,
- \$ 650,000 of hand tools and ox drawn equipment, and
- \$ 420,000 of trucks and spare parts.

8.3. End Use Audits and Local Currency Accounts.

No formal AAO/Maputo end use audits have been made, but the evaluation team and AAO/Maputo staff have made numerous informal monitoring audits of the CIP distribution. Random checks have been undertaken in the storerooms and files of Technica Industrial and Entrepoto (the private distributors and user of spare parts to repair tractors), the casas agrarias in the Maputo Green Zones, and retailers and cooperatives in Chowke. The evaluation concludes that inputs have been received by the private sector.

As regards high-valued items (i.e. trucks and tractors), the Ministry of Agriculture provided AAO/Maputo with a list of those who had purchased those inputs. On a random basis during field visits, the AAO/Maputo staff has checked the names, vehicle identification number, location, and private sector status of the purchaser against the information provided by the Ministry. The evaluation found that such high-value items had been sold only to private sector farmers and had been allocated by local agricultural officials based on the verified past productivity and planned future production of that individual farmer.

A review of the local currency accounts for CIP I (FY 1984) and CIP II (FY 1985) was conducted. The purpose of the review was to:

- evaluate how the current system of deposits is working,
- determine how many proceeds of sales had been deposited into the special account and into the trust fund account, and
- make recommendations for the FY 1986 CIP.

The mechanism for making deposits into the counterpart and trust fund accounts is initiated by AAO/Maputo, which submits a billing to the Bank of Mozambique based on the monthly report of disbursements (the W-214 report) issued by

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AID/W. The Bank, in turn, is to deposit the metical equivalent into the special account and trust fund within 30 days. The exchange rate used for converting the dollar disbursement by AID into the metical amount to be paid by the importer is the official exchange rate on the date of disbursement by AID. The amount to be deposited is the C.I.F. value of the imported commodity.

Based on information supplied by the Ministry of Finance, as of February 5, 1986, the GPRM has made deposits totalling MT. 180,512,476.45 for the FY 1984 CIP (special account and trust fund) and nothing for the FY 1985 CIP. As of January 31, 1986, AID had requested the GPRM to make deposits totalling MT. 117,357,460.50 for the FY 1984 CIP and MT. 40,791,379.44 for the FY 1985 CIP.

The deposits made by the GPRM do not relate to the billings received from AID. We undertake from the Bank of Mozambique that they are based both on the requests for deposit by AID and on the advice by the U.S. bank issuing letters of credit that payments have been made. Based on the information provided to date, it is impossible to determine which bills have been paid or what exchange rates were used. This analysis will have to be performed at a later date, when AAO/Maputo recruits a local hire accountant.

Based on the records available at AAO/Maputo and the W-214 reports, AID should have issued bills for more disbursements than have been requested to date. If the GPRM had been billed on the basis of arrival information, rather waiting for W-214 reports, AAO/Maputo could have billed the GPRM for a total of \$7,896,564.97 or MT. 331,665,728.74. Alternatively, if the importer had been required to pay when requesting the issuance of financing documents then there would have been \$13,358,193.61 or MT. 561,044,131.62 on deposit in the local currency accounts for CIPs I and II.

One change in the deposit mechanism was necessitated by the confusion surrounding the first deposit by the Ministry of Finance by direct transfer to the United States Disbursing Officer account in the local privately-owned bank. Given bank secrecy laws in Mozambique, it was not possible to establish that the transfer had in fact been made (and when).

Instead of a direct transfer, the second deposit was effected by check delivered to the AAO/Maputo. A staff member then personally deposited the check into the USDO account. This was done to ensure that a deposit was made and, in conjunction with the Administrative Office of the

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Embassy, to forward the necessary documents to USDO, Paris, to enter the deposit into official records. This practice should be continued, as an additional control mechanism.

No document has been presented by the GPRM which evidences that the first deposit of MT. 1,569,186 was, in fact, made to the USDO account. The only existing record produced by the Ministry of Finance is its order for the transfer of such an amount. (The receiving bank has indicated that an amount of MT. 1,569,186 was received, but could not indicate the source. That sum will probably be reflected on the next bank statement received by the USDO.)

As of January, 1986, the following data has been determined:

	CIP I	CIP II	T O T A L
Ordered	\$ 5,946,042.86	\$ 7,412,150.75	\$13,358,193.61
Received	\$ 5,510,967.57	\$ 2,385,597.40	\$ 7,896,564.97
Billed	\$ 2,794,225.25	\$ 971,223.32	\$ 3,765,448.57
Meticaís			
Due	MT.117,357,460.50	MT.40,791,379.44	MT.158,148,839.94

(Note: The amounts given for the metical deposits due are estimated at US\$ 1.00 = MT. 42.00. The actual exchange rate has to be determined based on information supplied by the Ministry of Finance.)

The current system for making deposits is clearly not working. The major reasons for this are as follows:

- staff constraints in the GPRM and in AAO/Maputo (this latter problem area will be resolved with the addition of an accountant to the AAO/Maputo);
- the W-214 reports are usually received about two months late and, therefore, the information contained in them is not current;
- the deposits being made by the GPRM are not based on the billings presented by AID; and
- bank statements have not been provided to AID on a regular basis.

8.4. Recommendations for Improving the System of Deposits.

The following recommendations may be useful to AAO/Maputo in improving the current system of deposits.

Revision of the Deposit Mechanism. It is proposed that the funding system for the special (counterpart) account and the trust fund be modified to require earlier deposits. For the FY 1986 CIP (PSR III), it is recommended that the importer issue a check to the Bank of Mozambique for deposit to the special account (96.5 percent of C.I.F. value) and one to AID for deposit to the trust fund (3.5 percent of C.I.F.), when he requests import of the commodity. The check for the trust fund and a copy of the deposit slip for the special account should accompany the "Concurrence of Award" letter from the Bank of Mozambique. Although this in fact means that the importer has paid for the goods before a Letter of Commitment is issued to the supplier, this should have little impact on the importer. (Under the current arrangement, the Bank blocks the firm's account at the time it places an order.)

We find that the current practice of presentation of trust fund checks to AAO/Maputo is valid and merits continuation. The Ministry of Finance should continue delivering the checks for the Trust Fund deposits for the CIPs I and II under cover of a letter. The grant agreement (or a program implementation letter) for the FY 1986 CIP should include language incorporating this recommendation.

A quarterly review of deposits will have to be made by the Bank, Ministry of Finance, and AAO/Maputo to adjust the deposits accruing from each commodity to reflect other charges that were paid by the importer and a price differential paid by the buyer. Under this system, if an importer was due a refund, he would apply to the Bank of Mozambique, which would then authorize the Ministry of Finance to issue a check for the refund. AID should adjust its books after each quarterly review.

Interest-bearing Account at a Private Bank. In keeping with our private sector focus of the program, the special (counterpart) account for CIP III should be opened at the Banco Standard e Totta. If possible, the CIP generations should be deposited in an interest-bearing account. This interest would accrue to the special account and would be included in any programming.

Clarification of Proceeds Generated by the Surcharge. The instructions in Program Implementation Letter No. 4 need to be further explained. It is not clear if the surcharge, or sobretaxa, and other fees for goods procured under CIPs I and II are to be deposited in the counterpart account. It is also not clear if a portion of those surcharges or fees are to be deposited into the trust fund.

21

Continuing Current Level of the Trust Fund. The percentage of funds to be transferred to the trust fund account should not be changed at this time. Since the first check has just arrived, we do not have sufficient experience on which to base any recommendation.

Programming the CIP Generations. Now that counterpart funds are on deposit, all concerned parties need to reach an agreement regarding their use. It is recommended that AAO/Maputo request the GPRM for a proposal on the use of these funds.

Regular Bank Statements. Bank statements for the various accounts should be submitted monthly to the AAO/Maputo.

Revision to ADP System. The computer worksheets used by the AAO/Maputo should be modified so that all of the information is in one place. This centralization of data will simplify and facilitate the monitoring of both accounts.

Quarterly Financial Reviews. Quarterly reviews of the local currency accounts should be undertaken, so that deposits can be confirmed and adjustments made in a timely manner.

8.5. Relationships within the AID Affairs Office.

The CIP is an integral part of the overall mission program, and along with food and disaster assistance, it puts AID into the category of a "major" donor in Mozambique. (The total of all assistance provided to Mozambique in FY 1985 was more than \$60 million.)

As the CIP is a central point of the development-related assistance provided Mozambique, the AAO receives periodic reports on the progress of implementation and the results of field observations. The CIP has been used by office management as a point of departure, from which a dialogue is engaged on price liberalization, increased private sector involvement, and economic reform measures.

While AAO/Maputo has responsibility to manage the CIP, technical and related expertise is provided from other AID missions. The agricultural consultations needed to accompany design and implementation of the CIP has been supplied by the agricultural staff of REDSO/ESA in Nairobi. Legal and financial assistance are being provided by USAID/Swaziland.

21

8.6. Relationships with the Government of the People's Republic of Mozambique and the Local Import Community.

Interviews with senior officers of the Ministry of Agriculture, the Bank of Mozambique and importing firms indicate sound cooperative relations between mission staff at all levels and the members of the local community. Contact with bank officials is on a weekly basis and the CIP monitor meets on a regular monthly basis with major importers.

8.7. Size and Composition of Staff.

Although the AID Affairs Office, Maputo has a ceiling of five U.S. direct hires, difficulties in recruitment and the need for language training has resulted in only three currently assigned and at post. These include an AID Affairs Officer, Commodity Management/Executive Officer, and a Food for Peace Officer. Some four locally hired personal services contractors (one professional, one para-professional, and two secretarial) round out the AAO/Maputo staff. As of January, 1986, AAO/Maputo was recruiting for five other local positions.

An organizational chart is provided in Annex H.

3

SCOPE OF WORK FOR THE EVALUATION OF THE FY 1984 CIP

- Personnel Required:** Agricultural Officer, REDSO/Nairobi;
Controller, USAID/Swaziland;
Commodity Management Officer,
AAO/Maputo; and
CIP Monitor, AAO/Maputo.
(An AID/W economist was requested, but
was unable to arrive in time for the
evaluation.)
- Time Required:** 2 to 4 weeks
- Starting Date:** January 6, 1986
- Reports Required:** A draft report presented to the
AAO/Maputo prior to departure of the
evaluation team and a final report
forwarded to AAO/Maputo within two
weeks of departure of team.

Scope of Work:

A. Goal and purpose of the Mozambique Private Sector Rehabilitation Program (656-0201): "Rehabilitate the private sector, especially agriculture, so as to increase food production by selling currently unavailable inputs to private farmers."

- (1) Inputs include: spare parts, new equipment, and agricultural inputs.
- (2) Targeted geographic areas are: greater Maputo area, the Maputo "Green Zones", and Chokwe district.
- (3) Targeted groups are: private sector farmers, including family, cooperative, and commercial operators.

B. Specific requirements:

1. Assess AID/GPRM procurement procedures, including advertising, bidding/selection, and payment, to determine their effectiveness and timeliness and to recommend any changes that could improve the operation of the commodity import program.

2. Examine the records of: (a) AAO/Maputo, (b) the Government of Mozambique and (c) commercial firms used to distribute inputs, to determine if they were appropriate, met specified quality standards, and reached target farmers in a timely manner.

3. Interview consumers, Green Zones and Chokwe farmers, and private retail traders to try to determine what measurable effects the AID supplied inputs have had on output.

4. Identify bottleneck in the input distribution system.

5. Determine ways the distribution system could be improved.

6. Identify and evaluate channels used to market agricultural output.

7. Through interviews with producers and marketeers determine the effects of incentives on production, i.e., free market prices, increase availability of inputs, spare parts and new equipment.

8. In anticipation of the expansion of the program to other non-metropolitan areas, determine the relative success of the program in Chokwe compared to Maputo.

C. Given that the goal and purpose of the 1985 CIP are similar to those in the 1984 CIP, evaluate, where appropriate, the progress to date of the 1985 CIP. Special efforts should be made to examine the actual or proposed distribution of the seed and the hand tools for the former drought areas.

D. The AAO/Maputo has received a request to expand the program to Manica, Inhambane, and/or Sofala provinces. In light of "lessons learned" in Chokwe, Maputo and Xai-Xai, the evaluation team will visit one or more of these areas to examine:

- (1) the potential demand for agricultural inputs,
- (2) the market for food products,
- (3) the potential CIP management and logistical problems,
- (4) the transport system,
- (5) the districts' agricultural production potential,
- (6) the institutional capacity to supply inputs, and
- (7) the number of private farmers.

The following is the section of the FY 1984 PAAD which deals with the evaluation of the CIP:

For the CIP, it is anticipated that an evaluation will be scheduled after completion of activities, probably during the sixteenth month of the program. The evaluation will review the impact of the commodity import component and evaluate the technical assistance activities. On a sample basis, private and family farmers will be surveyed to determine the impact of the inputs on their productivity and increased availability of produce for the Maputo market.

Such evaluation and survey will be planned and executed by a Personal Services Contractor; \$150,000 has been reserved in TA funds for monitoring and evaluation purposes. Evaluation participants will include the AID Affairs Officer in Maputo, the AID Commodity Management Officer in Maputo, REDSO/Nairobi, CPRM coordinators, and other relevant offices.

EVALUATION METHODOLOGY

The general approach and the scope of work (SOW) used was developed by the members of the FY 86 PAIP design team, without the benefit of seeing the new "Guidelines". The methodology is, nonetheless, consistent with the guidelines and the specific requirements in the SOW were organized as suggested under the "Outline for a CIP evaluation report found in the guidelines."

The sample questionnaire was adapted for use in the evaluation. The suggested SOW for a CIP-like activity evaluation was used to supplement and expand the SOW prepared by the PAIP design team. The methodology from which the SOW was developed concentrated on the "Guideline" areas of "Development Impact" and "Management of the Program." It was felt that an in depth economic analysis was not possible at this time as the AID supplied inputs are just producing the first marketed crops from the planting of the second season of 1985. A more formal method for measuring the economic effects will need to be designed. Although the impact of the FY 1984 CIP on policy dialogue was not included as an evaluation criterion, the evaluation includes a discussion of the progress made against policy reform goals set forth in the PAAD.

The methodology and the SOW used in the FY 1984 CIP evaluation are quite standard and could be modified and replicated for use in other CIP evaluations.

GENERAL BACKGROUND
MOZAMBIQUE SINCE INDEPENDENCE

Mozambique became independent on June 25, 1975, after a ten-year war waged by the National Front for the Liberation of Mozambique (FRELIMO). Since that time the FRELIMO leader, Samora Machel, has been President. At its Third Congress in February 1977, FRELIMO was transformed from a liberation movement into a Marxist-Leninist vanguard party dedicated to the creation of a socialist state in Mozambique. The government then established the machinery for a centrally planned economy. The FRELIMO guerrilla forces were converted into a regular army in 1980.

FRELIMO is the sole legal political party and the supreme political authority is the Permanent Political Committee of the party's central committee. Many important government officials are also members of FRELIMO. A structure of local, district, municipal and provincial assemblies was established in 1977 and elections were held in September through December of that year. At the apex of this governmental structure is the People's Assembly, which is appointed by FRELIMO.

The population, almost entirely of African descent, is estimated at 14 million, increasing at an annual rate of 2.6 percent. While the average density is only 17 persons per square kilometer, the population is heavily concentrated in the coastal provinces (primarily in Zambezia and Nampula), near port cities and in fertile valleys. Substantial rural-urban migration is reported to have occurred in recent years, particularly to the capital city of Maputo.

At independence, FRELIMO inherited an economy ravaged by a long drawn out war and depleted of skilled manpower. Of the 250,000 Portuguese in the country in 1973, who filled virtually all administrative and technical jobs, around ninety percent left the country as independence approached. In some cases, they sabotaged the factories, farms, and shops they were leaving behind.

The situation was exacerbated in the following years by the effect of the Rhodesian war -- the loss of earnings from transit traffic and the direct effect of strikes by the Rhodesian Air Force up to 1979. Problems have been further intensified by widespread flooding in the south of the country in 1977, 1978, and 1984, and the recurrent droughts since 1979. Since 1983, the RENAMO rural insurgency has been particularly devastating to the economy.

The government's reaction to these problems was to nationalize all education and health care, and most of the financial, transport, agricultural, and industrial sectors, in an attempt to create a planned economy. These efforts were not successful in preventing a breakdown of the economy, with output falling by as much as 40 to 60 percent in many sectors. Furthermore, following the state's intervention in abandoned property (to maintain their productive capacities and employment) in February 1978, private business confidence was shattered.

Since independence in 1975, few producer imports have reached the private sector. New plant and equipment were consigned to state enterprises; spares were imported in reduced amounts as foreign exchange reserves diminished. As a consequence, much of the agricultural equipment, accessories, and trucks (to transport produce) in the private sector has reached the end of its effective life span. Agriculture and related manufacturing industries are operating at fractions of their installed capacity due to lack of raw materials (mostly imported), outmoded technology, lack of spare parts, and lack of both skilled workers and professional management.

The GPRM has now recognized that increased production in food, consumer goods and export products is facilitated by a healthy, vigorous private sector. After eight years of promoting state enterprise at the expense of the private entrepreneur, the Fourth Congress of FRELIMO recognized the importance of the private sector in the development of the country and ordered government support for it.

In light of the current food deficit situation, the GPRM's highest development priority is increased food production for areas impacted by the drought, particularly for Maputo and other cities. The GPRM's strategy has been to provide the private sector with the means of production needed to accelerate and sustain increased production. The purpose of the AID CIP program is to rehabilitate the private sector, with special emphasis on agriculture and to increase food production in the Maputo market area by selling currently unavailable production inputs to family, cooperative and commercial farms.

CIP FILES EXAMINED

1. Irrigation Equipment
2. Ox drawn Equipment
3. Hand Pumps
4. Fertilizer
5. Peanuts and Cowpea Seed
6. Rubber Boots
7. Scales
8. Seeds
 - a. Vegetable
 - b. Corn and Bean
 - c. Potato
9. Protective Clothing
10. Sprayers
11. Motorcultivators
12. Offset Disks
13. Tractor Spare Parts
14. Tractors
15. Trucks.

PRODUCE, MARKET SUPPLY, AND PRICES

A.2 Maputo Produce Prices During September, 1985.

The following is an unofficial translation of an article which appear in Noticias, the local Maputo newspaper, on September 7, 1985:

Vegetables in some markets in Maputo yesterday attracted many people to the stalls of Hortofruticola, the state enterprise, due to the moderate prices applied there.

Meanwhile, the rest of the stalls, as is customary, charged various prices in relation to these stalls and other markets. The following are the prices (in meticals per kilogram) applicable in three markets of the capital yesterday:

<u>Product</u>	<u>Central Market</u>	<u>People's Market</u>	<u>Mazambane</u>
Lettuce	50, 100	100	100
Onions	500, 800	500	500
Coconut	75, 80, 100	75, 80, 100, 125	100
Collard Greens	50, 60, 100	.100	100
Oranges	80, 100	100	100
Paw-Paw	150	-	-
Cabbage	40-60, 80, 100	50, 100	100, 150
Tomatoes	65, 150, 200	150, 200	150, 200
Manioc	100		

B. Maputo Produce Prices During January, 1986 (in Meticaís per Kilogram).

<u>Product</u>	<u>Central Market</u> (on 1/11/86)	<u>Maihangalene</u> (on 1/14/86)	<u>Xipamanine</u> (on 1/14/86)
Onion	600	800	800
Peppers	400	300	300
Cucumber	200, 250	300	200
Mango	200, 300	250	200
Lemon	500	200	250
Sweet Potato	150	150, 200	100
Kale	60	200	-
Carrots	200, 250, 400	400	-
Pumpkin	200	200	-
Banana	300	300	-
Yams	150	50	-
Tomato (poor quality)	600	500	-
Beans	-	250	300
Garlic	-	1,200	2,000
Lettuce (per head)	-	100	100
Cassava	-	50	50
Egg Plant	150	-	-
Cabbage	100	-	-
Manioc	100, 150	-	-
Watermelon	200	-	-
Squash	100	-	-
Paw-Paw	200, 250	-	-
Pineapple	-	150	-
Caster Beans	-	800	-
Orange	-	100	-
Collard Greens	-	200	-
Okra	-	-	600
Maize (per ear)	-	-	100
Coconut	-	-	100

USAID
COMMODITY IMPORT PROGRAM
656 - K - 601
IMPORTERS & DISTRIBUTORS
MOZAMBIQUE

COMMODITY	QTY IMPORTED	UNIT COST	TOTAL COST	IMPORTER	DISTRIBUTOR
Fertilizers MT					
Urea	2265	\$310.62	\$703,561.84	Interquimica	Parastatal Boror Parastata
NPK	1725	\$371.48	\$640,801.30	Interquimica	Parastatal Boror Parastata
A. Sulfate	380	\$222.93	\$84,712.95	Interquimica	Parastatal Boror Parastata
Tractors					
Tractors 45 HP (MF235)	18	\$6,926.86	\$124,683.52	Interquimica	Parastatal Entrepuesto Private
Tractors 65 HP (MF265)	36	\$8,366.99	\$301,211.61	Interquimica	Parastatal Entrepuesto Private
Tractors 85 HP (MF290)	2	\$9,724.79	\$19,449.58	Interquimica	Parastatal Entrepuesto Private
Tractor loader (MFB6)	1	\$20,464.21	\$20,464.21	Interquimica	Parastatal Entrepuesto Private
Spare parts			\$85,338.54	Interquimica	Parastatal Entrepuesto Private
Motorcultivators & Implemen	19	\$5,516.67	\$104,816.77	Interquimica	Parastatal Mecanagro Parastata
Seeders	90		\$156,560.54	Interquimica	Parastatal Entrepuesto Private
Tractor implements			\$177,610.40	Interquimica	Parastatal Mecanagro Parastata
Trucks					
8 Ton Trucks	2	\$15,350.59	\$30,701.17	Interquimica	Parastatal U. Comercial Parastata
3 Ton Trucks	40	\$7,772.14	\$310,885.69	Interquimica	Parastatal U. Comercial Parastata
Spare parts			\$69,633.15	Interquimica	Parastatal U. Comercial Parastata
Oxen drawn implements			\$67,052.93	Interquimica	Parastatal Mecanagro Parastata
Irrigation equipment			\$399,994.02	Earli	Parastatal Comel Private
Sprayers			\$69,515.05	Interquimica	Parastatal T. Industrial Private
Seed cleaners			\$243,660.69	Interquimica	Parastatal Mecanagro Parastata
Scales			\$65,795.00	Z. Verdes	Parastatal Z. Verdes Parastata
Seeds (Kusi)			\$1,079,433.20	Interquimica	Parastatal Boror Parastata
Hand Tools			\$392,803.25	Traders	Parastatal Z. Verdes Parastata
Spare parts for Tractors			\$470,272.22	Entrepuesto	Private Entrepuesto Private
Spare parts for Tractors			\$261,396.24	T. Industrial	Private T. Industrial Private
Protective clothing			\$68,073.08	Interquimica	Parastatal Z. Verdes Parastatal
TOTAL					
			\$5,940,857.13		
PARASTATAL IMPORTS					
			\$5,217,188.67	87.70%	
PRIVATE IMPORTS					
			\$731,668.46	12.30%	
DISTRIBUTED (PARASTATAL)					
			\$4,039,571.60	67.91%	
DISTRIBUTED (PRIVATE)					
			\$1,909,285.53	32.09%	

UPDATE: FEBRUARY 11, 1986

PEOPLE INTERVIEWED

The following is the list of persons and firms interviewed, by date:

Date: January 7, 1986

- 1.) Name of Firm: Tradimex Ltd.
Service: Importer (Hand Tools)
Person Interviewed: Mr. Ribeiro
Title: Manager
Location: Maputo
- 2.) Name of Firm: Tecnica Industrial
Service: Ford and Mitsubishi Dealer
Person Interviewed: Mr. Capucho Paulo
Title: Director
Location: Maputo

Date: January 8, 1986

- 3.) Person Interviewed: Maria de Jesus
Title: Advisor (Green Zones)
Location: Maputo
- 4.) Name of Firm: Casa Agraria No. 7
Service: Retailer of fertilizers, seeds,
hand tools, rubber boots, etc.
Person Interviewed: Mr. Inacio J. Muchanga
Title: Manager
Location: Machava (Green Zones)
- 5.) Person Interviewed: Mr. Manueline
Title: Fitter
Location: Matola Gate (Green Zones)
- 6.) Person Interviewed: Mr. A. Patricio
Title: Farmer (vegetables)
Location: Machava
- 7.) Person Interviewed: Jose Augusto
Title: Farmer (vegetables)
Location: Machava (Green Zones)

- 8.) Name of Firm: Interquimica
Service: Importer (fertilizers and seeds)
Person Interviewed: Mr. Luis Santos
Title: Commercial Director
Location: Maputo
- 9.) Name of Firm: Entrepосто
Service: Massey Ferguson and Mercedes Dealer
Person Interviewed: Mr. Manuel Jose
Title: Director
Location: Maputo
- 10.) Person Interviewed: Mr. Joao Mosca
Title: Director for Chokwe Region (MinAg)
Location: Chokwe
- 11.) Person Interviewed: Mr. Figueiredo
Title: Director for Private Sector (MinAg)
Location: Chokwe
- 12.) Name of Firm: Mecanagro
Service: Distributor fo tractor implements and
oxen drawn implements
Person Interviewed: Boaventura Sitori
Title: Director
Location: Chokwe
- 13.) Name of Firm: Boror
Service: Wholesaler and retailer (fertilizers
and seeds)
Person Interviewed: Mr. Racune
Title: Director
Location: Chokwe
- 14.) Person Interviewed: Mr. Manuel Medeiros
Title: Farmer (Private)
Location: Chokwe

Date: January 10, 1986

- 15.) Person Interviewed: Mr. Chambal
Title: Farmer (Private)
Location: Massavasse - Chokwe
- 16.) Person Interviewed: Mr. Amos Sigauque
Title: Farmer (Private)
Location: Massavasse - Chokwe

- 17.) Person Interviewed: Mr. Albino Macamo
 Title: Farmer (Family Sector)
 Location: Massavasse - Chokwe
- 18.) Person Interviewed: Mr. Manuel Pedro
 Title: Farmer (Private)
 Location: Mapapa - Chokwe
- 19.) Person Interviewed: Mr. Americo Sousa
 Title: Farmer (Private)
 Location: Nwachicoluane - Chokwe
- 20.) Person Interviewed: Mr. Jose Maximino
 Title: Farmer (Private)
 Location: Nwachicoluane - Chokwe
- 21.) Person Interviewed: Mr. Antonio Coelho
 Title: Farmer and Distributor (Private)
 Location: Nwachicoluane - Chokwe
- 22.) Person Interviewed: Mr. Luis Joaquim
 Title: Member of Cooperative
 Name of Cooperative: Josina Machel
 Location: Chokwe

Date: January 11, 1986

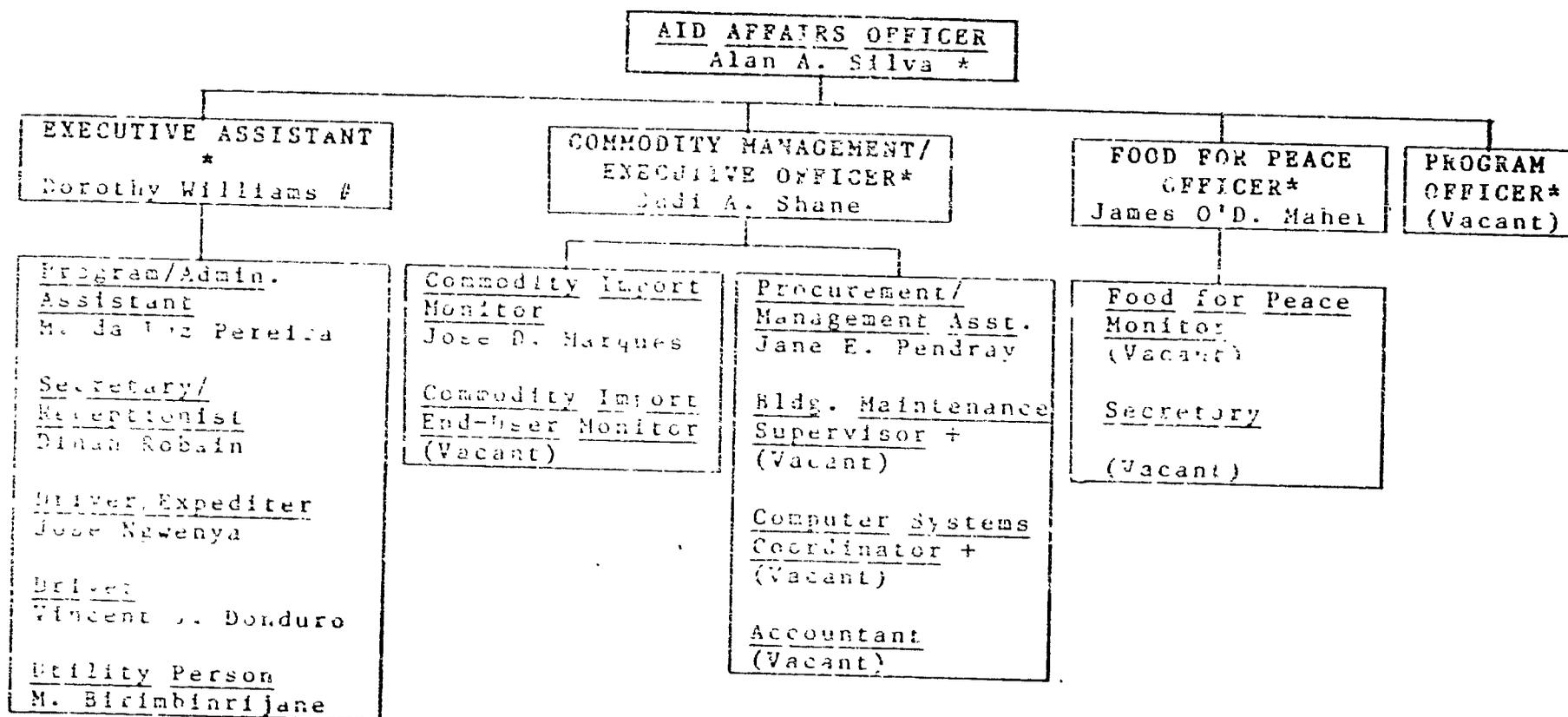
- 23.) Person Interviewed: Mr. Ken Yu
 Title: Farmer (Private)
 Location: Marracuene - Maputo

Date: January 14, 1986

- 24.) Name of Firm: Green Zones
 Person Interviewed: Mr. Luciano Sambana
 Title: Director
 Location: Maputo
- 25.) Name of Firm: Intermecano
 Service: Importer (tractors, trucks and
 tractor implements)
 Person Interviewed: Mr. Rodrigo Oliveira
 Title: Director
 Location: Maputo
- 26.) Name of Firm: Bank of Mozambique
 Person Interviewed: Luisa Capelao
 Title: Director for External Relations
 Location: Maputo

ORGANIZATIONAL CHART

The following chart depicts the staffing pattern for the AID Affairs Office, Maputo, as of January, 1986:



- * = U S. Direct Hires
 # = In Language Training at FSI, Washington, DC.
 + = Local PSC shared with AnEmbassy

CHOKWE BENEFICIARIES

The following is an unofficial translation of a document provided by the Ministry of Agriculture.

QUOTE.

Persons Involved in the First Phase of AID Assistance (a)

	Tons of Fertilizer Sold	No. of Members
Associations of Private Farmers (5 hectare average)	390	302
Private Farmers (2-9 hectares)	464	383
Private Farmers (greater than 10 hectares)	included in 464 above	175
Cooperatives	213	1,500
Family Farmers (b)	500	4,000

Notes:

(a) No. of families involved: 6,300.

No. of persons (3 per family) - 4,860x3 = 16,500.

In the calculation of no. of families, the purchasers of the following were included:

- tractors and related mechanical implements,
- small truck
- fertilizer and seeds, and
- ox drawn equipment.

The persons involved, thus are not only related to fertilizer.

As the Chokwe District has 25,000 families, approximately 25 percent of the family were benefitted by the AID program.

(b) The fertilizer sold to the family sector was 1,211 tons, most of which was sold by the associations of private farmers and private commercial agents (retailers) of Boror in the villages.

UNQUOTE.

March 10, 1960

TO: Mr. Robert Hussmann, Director, USAID Swaziland

FROM: Peter J. Lyons, A/EA/AM/AS

SUBJECT: Mozambique Commodity Import Program

In response to your request, I visited A/EA/AM/AS during the period January 1 through February 10, 1960 to review the implementation of the Mozambique Commodity Import Program from an A/EA/AM/AS perspective. I visited the Mozambique Commodity Import Program office in Harare and had the opportunity to participate in meetings with U.S. Embassy A/EA/AM/AS, Mozambique Commodity Import Program officials and to visit a number of factories on the east coast. Overall, my observations and findings were of a positive nature and indicate that the Mozambique Commodity Import Program has been a successful first step in A/EA/AM/AS's Three Year Mozambique Private Sector Development Program.

Summary of Findings:

The Mozambique Commodity Import Program is a pilot project designed to provide a means of financing the importation of commodities for the private sector in Mozambique. The program is being implemented through the Mozambique Commodity Import Program office in Harare, which is a branch office of the USAID Swaziland office. The program is being implemented through the Mozambique Commodity Import Program office in Harare, which is a branch office of the USAID Swaziland office. The program is being implemented through the Mozambique Commodity Import Program office in Harare, which is a branch office of the USAID Swaziland office.

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MEMORANDUM

DATE: March 31, 1986

TO: Roger Carlson, Director
AFR/SA

FROM: Alan A. Silva, AID Affairs Officer
AAO/Maputo

SUBJECT: Mozambique Private Sector Rehabilitation I,
Commodity Input Component (656-K-601): Evaluation

I am transmitting herewith the final draft of the subject evaluation. Although it is a bit light on the economic analysis areas (you will remember that a Program Economist from AID/W was unable to join the evaluation team) and relies heavily on anecdotal evidence, it does conclude that the subject program has had a substantial, positive, and wide-ranging impact.

It documents what we have felt to be true for many months: that targeted inputs and some pricing policy reforms can assist the Mozambique private sector in demonstrating its productive capacities and its dynamic role as an engine of growth and development.

The Ambassador was pleased with the outcome of the evaluation and its findings that the program was effective and well managed. So much so that he sent a letter to the Administrator (which I am attaching), recommending the evaluation for his perusal.

After reading the evaluation, I would appreciate your forwarding it (or a copy of it) to Larry Saifers, who had expressed an interest in its conclusions during the ECPR for PSR III.

I would like to thank you and your staff for the help in assembling the evaluation team --- and for the assistance you have provided over the past twenty months in getting this program off the ground. A special "thanks" to Dave Garms who drew the pieces together and edited the document. All your help has been much appreciated.

I would appreciate your transmitting this evaluation to the AID/W office responsible for arranging copying and ultimate distribution. A WANG disk is enclosed, as well, just in case you need to make format changes, etc. The file name is "CIP83EVL".

cc: Robert Huesmann, Director
USAID/Swaziland

Maputo, Mozambique

February 28, 1986

Mr. Peter M. McPherson
Administrator
Agency for International Development
320 21st Street, NW
Washington, D. C. 20523

Dear Peter:

I have just finished reading the final draft of the first CIP (1984) evaluation for Mozambique. The results of the program are pretty impressive. You will recall that our efforts were directed at helping private truck farmers near Maputo and commercial producers in the Chokwe region, both of which you visited during your stay here in 1984. The evaluation cites implementation as an "AID record." The increase in food output is undeniable as the Maputo open markets are burgeoning from the produce of the farmers. You would not recognize the place compared to the barren stalls during your own visit less than two years ago. The farmers told the evaluators that America had restored the private sector's pride. In sum, a true success story.

I commend the evaluation to your reading when it arrives in final form in AID/W. The local USAID personnel, AAO Alan Silva and CMO Judi Shane, must also be cited for their herculean efforts in these most trying of circumstances.

With warm personal regards,

Sincerely,

Peter Jon de Vos
Ambassador