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UNCLASSIFIED

Date: March 27, 1987

FY 1987 MOZAMBIQUE PRIVATE SECTOR REHABILITATION IV

656-0201C

UNCLASSIFIED

ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SWAZILAND

FROM: Lynn A. Keeyes, PDO

SUBJECT: Authorization of the FY 1987 Mozambique Private Sector Rehabilitation IV Program (656-0201C)

Problem. Your approval is required to authorize a grant to the Government of the People's Republic of Mozambique for a \$9,835,000 Commodity Import Program (CIP) from the FY 1987 ESF appropriation account under the Private Sector Rehabilitation Program - Phase IV (PSR IV). An initial obligation of \$7,430,000 is planned. Subsequent to the completion of the Congressional notification process (for the life-of-program amount of \$40,405,000), a further increment of \$2,405,000 will be obligated.

Program Description. The CIP, described in the attached PAAD, is the final phase of the Private Sector Rehabilitation program. The purpose is to continue support to the private agricultural sector to increase food production and to improve its distribution and availability in the Maputo market. This will be achieved by providing foreign exchange for productive inputs needed by private commercial, family farmers and cooperatives. As with CIP III, the target geographic areas for assistance are Maputo Province and the market zones of Chokwe and Xai-Xai in Gaza Province.

Phase I and Phase II of the PSR program included funds for technical assistance. The technical assistance funds are being used to assist Mozambique to address critical needs in training and advisory services required for private sector development and increased food production. As with Phase III (FY 1986), the FY 1987 program does not include a technical assistance component and is strictly a CIP.

The primary justification for the Phase IV program, as in Phases I, II and III, is to support the GPRM's policy adjustments to stimulate private sector development, provide resources which will help these new policies succeed, and encourage further movement toward a market economy. Due to the lack of foreign exchange and the low priority given private sector agricultural production between 1975 and 1984, few inputs have gone to support private farmers. The commodities imported under the FY 1984, FY 1985, and FY 1986 programs have allowed the private farmer to demonstrate

his/her productive capacity and have started the process of revitalizing the private sector in the target areas. The FY 1987 program will continue this process.

CIP IV continues the emphasis on agricultural equipment, transport, and basic agricultural inputs as in the Phase III program. Also, as in Phase III, a limited amount of foreign exchange will be allocated to private manufacturing firms which produce agriculture-related products, such as tires, irrigation pipes, truck batteries, zinc sheets and rubber boots. This will increase the value-added of the AID-financed inputs. Raw materials for the production of chicken meshing, barbed wire, and nails will be introduced this year to meet the demand in the target areas.

The CIP will continue to focus on reducing the transportation constraints by allocating a few trucks to private commercial transporters. This allocation was introduced in CIP III. Since the trucks under CIP III have not yet arrived, the success of this pilot allocation to private transporters has not been measured. As a result, the allocation of trucks under CIP IV is contingent upon a positive evaluation of the CIP III allocation.

Evaluations have been completed for the first and second phases (CIP I and CIP II). These revealed that the program objectives are being achieved: the commodity mix was appropriate, inputs were provided in a timely fashion and were used effectively, private sector agricultural production increased significantly, and the Maputo market realized a dramatic increase in marketed produce. The evaluations also verified that the private agricultural sector was the only beneficiary of all inputs. The evaluations documented a success story, whereby the private sector demonstrated its productive capacities and reinforced its dynamic, contributory role in the Mozambican economy. The CIP continues to be the major supplier of inputs to private farmers (commercial, family and cooperatives), and the U.S. is perceived as the principal benefactor of the Mozambique private family agricultural sector in the targeted areas.

The AAO/Maputo, as in previous CIPs, will follow the competitive negotiated procurement procedures set forth in Section 201.23 of AID Regulation One. However, importers may elect to use the formal competitive bid procedures set forth in Section 201.22 for specific procurements. AAO/Maputo will select formal competitive bid procedures whenever advantageous.

AAO/Maputo will maintain the same procedures utilized under CIP III for the deposit and use of counterpart funds. The GPRM continues to make metical deposits in the special account and trust fund with few delays or difficulties. The PAAD Design Team observed that the Ministry of Finance's mechanism of assessing, monitoring and collecting deposits from importers of goods procured under the CIP is satisfactory.

Program and Policy Issues. A number of program issues were raised during the development of the PAIP which are addressed in the PAAD. These concern:

- US/GPRM policy dialogue and framework;
- the pricing and allocation of CIP-financed commodities;
- the use of the private sector; and
- the programming of local currency.

Since the inception of U.S. development assistance in Mozambique, the U.S. has been the only bilateral donor actively engaged in specific policy dialogue with the GPRM at the highest levels. Also, the U.S. is the only bilateral donor providing assistance specifically to revitalize and expand the role of the private sector in development in Mozambique. Hence, the CIP has played an integral role in the economic reform process in Mozambique. The CIP is intended to encourage and support the GPRM's continuing efforts toward restructuring its economy, initiated by its 1983 Economic and Social Directives. Specifically, the CIP has assisted the GPRM to undertake such reforms as price liberalization for vegetables and to begin to adjust the valuation of the metical toward its estimated market value by applying a surcharge to CIP-financed goods. U.S. policy dialogue with the GPRM and its assistance through the CIP has encouraged and facilitated GPRM discussions with the IMF and World Bank on such issues as broad-scale price liberalization, currency devaluation, and a greater market allocation of resources.

The recently implemented policy reforms of 1987 represent significant advances toward economic recovery; however, these reforms are partial. Other economic policy changes are appropriate if the GPRM is to encourage greater economic activity and facilitate economic recovery. AAO/Maputo will continue to pursue active discussions with the GPRM as it implements its economic recovery program with the IMF and World Bank.

The pricing and allocation of CIP-financed goods have been closely linked. Questions had been raised concerning the efficient allocation of the CIP resources in an economy where

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a vastly overvalued currency results in prices which are below fair market value. Recent CIP evaluations have verified that the GPRM productivity-based criteria have resulted in CIP goods reaching farmers who can make efficient use of capital equipment and other goods. The recently announced 426 percent devaluation represents notable progress toward bringing prices closer to the estimated market value of the metical. Further progress in pricing and market allocation is expected, as the GPRM implements periodic devaluations in the future and implements other monetary and fiscal reforms. Therefore, AAO/Maputo does not anticipate the use of a surcharge for this year's CIP.

The dominance of the State in almost all sectors of the Mozambican economy had raised concerns about the participation of the private sector in CIP activities. The GPRM has agreed to the use of the private sector in all aspects of the CIP. Consequently, the participation of private firms has increased between 50 to 150 percent from the program's inception. Private sector participation in all aspects of CIP transactions are expected to increase for CIP IV.

In accordance with the objectives of the economic reforms, the IMF has recommended "sterilizing" or freezing the local currency account in order to eliminate excess liquidity in the economy. As Congress requires 75 percent of the CIP local currency generations to be programmed for development purposes, AAO/Maputo will consider appropriate uses of these counterpart funds only after the completion of the Local Currency Study, planned for April 1987, and a thorough vetting of the issue in AID/W.

Environmental Considerations. An Initial Environmental Examination (IEE), containing a negative threshold decision, has been prepared for your approval and is attached to this action memorandum. You have been delegated authority, as per STATE 57340, to approve the IEE.

Compliance with Legislative Restrictions. Section V of the PAAD discusses the compliance of PSR IV with specific and general legislative restrictions related to FY 1987 appropriations. To the best of our knowledge, all of the commodities and materials to be imported under the PSR IV program will directly benefit the private sector.

Waivers. The PAAD contains the following waivers attached as Annex H.

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- A. Those approved by AA/AFR include:
World wide blanket right-hand-drive light vehicle waiver which covers 3-ton trucks, pickup trucks and motorcycles from Code 899 sources (\$790,000).
- B. Waivers to be approved by AAO/Maputo, as per DOA 551, subsequent to program authorization, include:
1. Tractors and implements from Code 941 sources (\$1,070,000),
 2. Motorcultivators from Code 941 sources (\$135,000),
 3. Irrigation pump sets from Code 899 sources (\$500,000),
 4. Spare parts from Code 899 sources (\$615,000),
 5. Natural rubber from Code 941 sources (\$100,000),
 6. Bicycles from Code 941 sources (\$200,000),
 7. Diesel fuel and lubricants from Code 899 sources (\$1,000,000), and
 8. Seeds from Code 899 sources (\$1,420,000).

Congressional Notification. The planned authorization for PSR IV is \$9,835,000 which brings the total life of program (LOP) funding to \$40,405,000. The last Congressional Notification (CN) for the PSR program was submitted to Congress for \$38,000,000, in July 1985 and clearance was given for the overall program on August 6, 1985, in STATE 241060. A CN was not submitted in FY 1986. Consequently, a CN has to be submitted to Congress for clearance to raise the authorized LOP from \$38,000,000 to \$40,405,000. As per AID/Washington guidance, AAO/Maputo will obligate up to the authorized LOP of \$38,000,000 or \$7,430,000 by March 27, 1987, at which time a CN will be submitted to Congress to increase the LOP to \$40,405,000. The incremental amount of \$2,405,000 will be obligated immediately upon completion of the notification process.

Program Management. As per Delegation of Authority (DOA) 551, December 23, 1986, the Director, USAID/Swaziland has been redelegated Schedule A authority for the authorization of the Mozambique program. As per the same DOA, the AID Affairs Officer, Maputo, has been redelegated Schedule A authority for the implementation of the Mozambique program, and therefore will have responsibility and approval for the daily monitoring and implementation of the PSR IV program in accordance with DOA 551. The AID/W backstop office for the program is AFR/PD/SAP.

Grant Agreement Approval. The Grant Agreement will contain in substance the same conditions precedent as found in the Grant Agreements for CIP III. The conditions precedent and covenants to be included in the Grant Agreement are shown in

E

Section VI of the PAAD. As shown, these covenants reflect the legislative and other requirements regarding the FY 1987 PSR IV program. Under DOA 551, the AAO/Maputo has the authority to negotiate and execute the Grant Agreement, provided it is in accordance with this program authorization. As the GPRM is reviewing a draft Grant Agreement, the execution of the Grant Agreement should take place shortly after authorization of the PSR IV program.

Delegation of Authority. AA/AFR has granted you an ad hoc delegation of authority (STATE 089190, dated March 26, 1987) to sign the attached PAAD and thus authorize the FY 1987 PSR IV program. An ECPR was held in Maputo, the People's Republic of Mozambique, on March 19, 1987, at which time all review committee members recommended that you sign the PAAD and authorize the FY 1987 program.

Recommendations.

1. That you sign the attached PAAD facesheet and thereby authorized the \$9,835,000 Mozambique Private Sector Rehabilitation Program, Phase IV, and
2. That you sign the attached Initial Environmental Examination.

Approved *R. Huesmann* March 27, 1987
 Robert Huesmann
 Mission Director
 USAID/Swaziland

Disapproved _____ March __, 1987
 Robert Huesmann
 Mission Director
 USAID/Swaziland

Attachments: PAAD PSR IV
Initial Environmental Examination

Drafted by *AK*, PDO:3/14/87:DOC PAADIV/wp

Clearances:

- AASilva, AAO, AAO/Maputo (draft) : 3/14/87
- AMartinez-Reboyas, PO, AAO/Maputo, (draft) : 3/14/87
- JAShane, CMO, AAO/Maputo, (draft) : 3/14/87
- DGKeene, RLA/SA, *AK* : 3/14/87
- RPSolloway, FM, USAID/Swaziland *RH* : 3/27/87
- DRMartella, Technical Officer, USAID/Swaziland, *RH* : 3/27/87

CLASSIFICATION:

<p>AID 1122-1</p> <p>PAAD</p>	<p>AGENCY FOR INTERNATIONAL DEVELOPMENT</p> <p>PROGRAM ASSISTANCE APPROVAL DOCUMENT</p>	<p>1. PAAD NO. 656-0201C</p>
		<p>2. COUNTRY MOZAMBIQUE</p>
		<p>3. CATEGORY COMMODITY FINANCING - STANDARD PROCEDURES</p>
		<p>4. DATE March 27, 1987</p>
		<p>5. DYS CHANGE NO. ---</p>
		<p>6. DYS INCREASE 9,835,000</p>
		<p>TO BE TAKEN FROM: ESF</p>
		<p>10. APPROPRIATION - 72-117/81037</p>
<p>9. TO: Robert Huesmann Director, USAID/Swaziland</p>		
<p>7. FROM: Alan A. Silva AID Affairs Officer, AAO/Maputo</p>		
<p>8. APPROVAL REQUESTED FOR COMMITMENT ON \$ 9,835,000</p>		
<p>11. TYPE FUNDING <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT</p>	<p>12. LOCAL CURRENCY ARRANGEMENT <input type="checkbox"/> INFORMAL <input checked="" type="checkbox"/> FORMAL <input type="checkbox"/> NONE</p>	<p>13. ESTIMATED DELIVERY PERIOD 03/87 - 09/88</p>
<p>16. COMMODITIES FINANCED</p>		<p>14. TRANSACTION ELIGIBILITY DATE Date of Obligation</p>
<p>Seeds fertilizer, knapsack sprayers, tractor, motorcultivators and implements, trucks spare parts for trucks and tractors, bicycles, motorcycles, plastic boxes, irrigation equipment, diesel, lubricants, and raw materials for the local manufacture and assembly of agricultural inputs.</p>		
<p>18. PERMITTED SOURCE</p> <p>U.S. only: 9,835,000</p> <p>Limited F.W.: 1,505,000</p> <p>Five World: 4,325,000</p> <p>Cash: -0-</p>	<p>17. ESTIMATED SOURCE</p> <p>U.S.: 4,055,000</p> <p>Industrialized Countries: 4,325,000</p> <p>Local: -0-</p> <p>Other: Code 941: 1,505,000</p>	
<p>15. SUMMARY DESCRIPTION</p>		

(see attached continuation sheet)

<p>19. CLEARANCES</p> <p>CMO: JShane: (draft) 03/16/87</p> <p>PRG: AMartinez-Reboyas: (draft) 03/16/87</p> <p>DD: HRJohnson: _____</p> <p>RLA: DGKeene: _____</p> <p>PO: DRMartella: 3/27/87</p> <p>FM: RPSolloway: 3-27-87</p> <p>PIX: LAKooy: 3/27/87</p>	<p>20. ACTION</p> <p><input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED</p> <p>1 1/27/87</p> <p>27 MAR 1987</p> <p>AUTHORIZED SIGNATURE DATE</p> <p>Robert G. Huesmann</p> <p>Director, USAID/Swaziland</p> <p>TITLE</p>
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CLASSIFICATION:

Continuation Sheet:

MOZAMBIQUE PRIVATE SECTOR REHABILITATION IV PAAD, 656-0201C

18. SUMMARY DESCRIPTION:

The PSR IV Commodity Import Program is the fourth and final phase of AID's initial bilateral involvement in Mozambique. The purpose of the Program remains to support the private agricultural sector by providing foreign exchange for productive inputs needed by private commercial and family farmers. The primary justification for the Phase IV Program, as in Phases I, II, and III, is to support the GPRM's policy adjustments to stimulate private sector development, provide resources which will help these new policies succeed, and encourage further movement toward a market economy. The PSR IV Program provides assistance to the private agricultural sector, since the need and the production potential in this sector are extremely high. AID-financed agricultural inputs and equipment will give the private farmers the means to take advantage of the GPRM policy changes. Commodity support will be given to the full range of private sector producers, that is family farmers, commercial farmers, and cooperatives. Also, some raw materials will be purchased for local manufacture of agricultural inputs and equipment. The CIP, which will import primarily agricultural equipment and inputs, will be implemented over an 18 month period. The terminal date for disbursing authorization will be 24 months after the signing of the Grant Agreement.

Conditions Precedent and Covenants for the Program are presented in Section VI, Negotiating Status and Conditions. Annex H of the PAAD contains waivers which will be approved after PAAD Authorization by AAO/Maputo.

1. Tractors and implements from Code 941 sources (\$1,070,000).
2. Motorcultivators from Code 941 sources (\$135,000).
3. Irrigation pump sets from Code 899 sources (\$500,000).
4. Spare parts from Code 899 sources (\$615,000).
5. Natural rubber from Code 941 sources (\$100,000).
6. Bicycles from Code 941 sources (\$200,000).
7. Diesel fuel and lubricants from Code 899 sources (\$1,000,000).
8. Seeds from Code 899 sources (\$1,420,000).

Waivers already approved by AID/Washington include:

Blanket worldwide waiver for right-hand drive light trucks from Code 899 sources (\$790,000).

MOZAMBIQUE PRIVATE SECTOR REHABILITATION IV
(656-0201C)

TABLE OF CONTENTS

	<u>Page</u>
ABBREVIATIONS	
EXECUTIVE SUMMARY	i
I. ECONOMIC AND PROGRAM OVERVIEW	
A. General Background	1
B. Current Economic Position	4
1. Macro-Economic Performance	4
2. Economic Initiatives of 1984	9
3. Economic Reforms of 1987	10
C. U.S. Assistance: Private Sector Rehabilitation Program	12
1. Program Purpose and Justification	12
2. Impact of CIP I, II, and III	17
D. Other Donor Activity - Economic Assistance	17
II. MOZAMBIQUE -- AGRICULTURAL PERFORMANCE	
A. Agricultural Sector	20
1. Country-Wide Situation	20
2. Agricultural Production in CIP Target Areas	23
3. Impact of U.S. Assistance on Agricultural Growth	27
B. Impact of the CIP on GPRM's Foreign Exchange Reserves	29
C. Macro-Economic Performance Projections	31
1. Macro-Economic Reforms	31
III. COMMODITY IMPORT PROGRAM PHASE IV	
A. Program Purpose and Scope	34
B. Program Description	34
1. CIP Target Areas	34
2. Proposed Commodities	36

TABLE OF CONTENTS
(Continued)

C.	Program and Policy Issues	40
1.	US/GPRM Policy Dialogue and Framework	40
2.	Pricing and Allocation of CIP-Funded Commodities	41
3.	Private Sector Participation	43
4.	Local Currency Utilization	44
IV.	IMPLEMENTATION OF THE COMMODITY IMPORT PROGRAM	
A.	Responsibilities	46
1.	List of Commodities	46
2.	Designation of Importers and Distributors	46
3.	Specifications and Requests for Quotations	47
4.	Evaluation of Offers	47
5.	Award and Issuance of Direct Letters of Commitment	47
B.	Applicable AID Regulations and Procurement Procedures	48
C.	Port Clearance and Inland Transportation	49
D.	Commodity Arrival and Distribution	49
E.	Management and Monitoring of the Commodity Import Program	50
F.	Disbursement Period	52
G.	Implementation Schedule	53
H.	Required Waivers	53
I.	Local Currency Generation	55
1.	Counterpart and Trust Fund Deposits	55
2.	Procedures and Use of Funds for CIP IV	58
J.	Evaluations	59
V.	COMPLIANCE WITH LEGISLATIVE REQUIREMENTS	
A.	Legislative Criteria For Africa CIPs	60
B.	Restriction on Assistance to Non-Private Sector	63
C.	Requirement for Procurement of U.S. Agricultural Commodities	64
D.	Requirement for Tied Aid Credit Program	64
E.	Comprehensive Anti-Apartheid Act of 1986	64
VI.	NEGOTIATING STATUS AND CONDITIONS	
A.	Negotiations	65
B.	Conditions Precedent and Covenants	65
1.	Conditions Precedent	65
2.	Covenants	65

J

TABLE OF CONTENTS
(Continued)

TABLES

1.	Agricultural Producer Prices	11
2.	Marketed Agricultural Production, Major Crops 1978-1986	22
3.	Marketed Vegetable Production for Maputo and Gaza Provinces	24
4.	Vegetable Prices	27
5.	Agricultural Exports by Type	28
6.	A "Base Case" Balance of Payments Scenario	30
7.	Status of Local Currency Accounts, as of December 31, 1986	57
8.	Cumulative Total Deposits for CIP I, II and Surcharge	58

GRAPHS

1.	Green Zones Survey: Sources of Food	26
2.	Maputo Urban Area: Sources of Food	26
3.	Private CIP Importers and Distributors (FY 1984 to FY 1987)	43

ANNEXES

A.	Commodity List for FY 1984 CIP
B.	Commodity List for FY 1985 CIP
C.	Commodity List for FY 1986 CIP
D.	Commodity List for FY 1987 CIP
E.	Comparison of Commodities under CIP I, II, III and IV
F.	Importers and Distributors in CIP I, II, III and IV
G.	Samples of CIP Monthly Reports: <ul style="list-style-type: none">- Implementation- Financing Requests- Shipping Schedule- L/COMs
H.	Waivers
I.	PAAD Guidance Cable (STATE 032176)
J.	Statutory Checklists
K.	Government Request for Assistance
L.	<u>Ad Hoc</u> Delegation of Authority Cable (STATE 089190)
M.	Delegation of Authority to Approve IEE (STATE 057340)
N.	Exemption from Section 208 of F.A.A. (STATE 07518)
O.	Proposed Grant Agreement
P.	Proposed Trust Fund Agreement

K

FY 1987 MOZAMBIQUE PRIVATE SECTOR REHABILITATION IV

EXECUTIVE SUMMARY

A. The Grant.

This Program Assistance Approval Document recommends that the U.S. Government grant the Government of the People's Republic of Mozambique \$9,835,000 from Economic Support Funds, for a Commodity Import Program to support the Private Sector Rehabilitation IV (PSR IV) Program. The PSR IV program would be the fourth and final year of an existing Private Sector Rehabilitation program. The first two years included both technical assistance and CIPs, while the PSR III program included only a CIP. PSR IV, which will import primarily agricultural equipment and inputs, will be implemented over a 24-month period. It is expected that most procurement will be made in the first 18 months. The terminal date for disbursing authorization will be 24 months after the signing of the Grant Agreement.

B. Implementing Agencies.

The authorized representative of the GPRM is the Bank of Mozambique which provides overall interministerial coordination and controls the allocation of foreign exchange. The Ministry of Agriculture will manage and be responsible for the final commodity listing and implementation and distribution. Procurement and importation will be effected by parastatal importers and private entities for agricultural inputs and by private companies only for raw materials.

C. Program Description.

The basic purpose of the program is to support the private agricultural sector and encourage increased marketed production from three target areas servicing the Maputo market, through the importation of vitally needed inputs and equipment. The CIP will provide foreign exchange for the importation of presently unavailable agricultural commodities for private sector farmers and raw materials for the local manufacture of agriculture-related products. The commodities list for CIP IV is similar to CIP III, with only minor modifications.

D. Findings.

The macro-economic and agricultural situation clearly justifies the provision of a grant to finance the importation of vital agricultural inputs to be used exclusively by private sector farmers. While the importation of similar items in the first three years of this program has reached the intended beneficiaries, the commodities have not satisfied the very large needs of private agricultural farmers in the targeted geographical areas. The agricultural inputs and equipment will increase food production in Maputo and Gaza Provinces, save the foreign exchange otherwise needed to import food, and revitalize the private agricultural sector in the target areas.

A formal ECPR for the PSR IV program was held on March 19, 1987, in Maputo, the People's Republic of Mozambique, and the review committee recommended the authorization of the PSR IV program. A negative threshold decision for the CIP has been approved for the Initial Environmental Examination.

E. Program Waivers.

AID/W has determined that the world wide blanket waiver for right-hand drive vehicles applies to the purchase of light trucks (2-3 ton) and pickups from Code 899 countries. AAO/Maputo is in the process of requesting waiver approval from AID/W to allow procurement of eight-ton trucks from sources other than Code 000 (U.S. only). Additionally, AAO/Maputo will request approval from M/SER/OP, as required, for individual shipping waivers to allow shipping on vessels registered in countries included in Code 941 when U.S.-registered vessels are not available. M/SER/OP currently is reviewing AAO/Maputo's request for a blanket insurance waiver for Code 941.

The AAO/Maputo, in accordance with Delegation of Authority 551, dated December 23, 1986, will approve the following transactional waivers.

- (1) Code 899 procurement for spare parts for agricultural trucks, tractors and machinery; estimated value: \$615,000;
- (2) Code 899 procurement for seeds; estimated value: \$1,420,000;
- (3) Code 941 procurement for motorcultivators; estimated value: \$135,000;

- (4) Code 941 procurement for bicycles; estimated value: \$200,000;
- (5) Code 899 procurement for diesel fuel and lubricants; estimated value: \$1,000,000;
- (6) Code 899 procurement for irrigation equipment; estimated value: \$500,000;
- (7) Code 941 procurement for tractors, tractor implements and general agricultural related inputs; estimated value: \$1,070,000;
- (8) Code 941 procurement for natural rubber; estimated value: \$100,000.

These waivers have been cleared by the appropriate legal and technical officers and are attached as Annex H.

F. Major Conditions Precedent and Covenants.

Only the standard Conditions Precedent will be included in the Grant Agreement. The Grant Agreement will include the standard covenants as stipulated in Handbook 4. In addition, the GPRM will covenant that:

- the commodities imported under the Agreement will be sold or otherwise distributed to the Mozambique private farming sector, including both commercial and small farmers and cooperatives, or will be sold to private sector agriculture-related concerns, including transporters;
- best efforts should be made to increase the involvement of private sector firms in the importation and distribution of commodities financed under the Agreement;
- unless otherwise agreed by AID in writing, it will assure, in consultation with AID, that the local sale price for AID-financed tractors, tractor implements, trucks and other commodities reflects the true economic value of the items and generates a fair return to capital;
- in the event that price increases or surcharges are instituted in order to comply with Section 5.9., Pricing of Commodities, of the Grant Agreement, such amounts

generated therefrom will be deposited in the Special Account referred to in Section 5.5.(a), Generation and Use of Local Currency, of this Agreement;

- unless otherwise agreed by AID in writing, (A) no less than 75 percent of the local currency proceeds required to be deposited into the Special Account will be utilized for mutually agreed upon economic development activities; (B) the balance may be used for these and other mutually agreed upon purposes; and (C) commodities imported under the Agreement will be used to meet long-term development needs, as more fully described in implementation letters; and
- funds in the Special Account shall be made available, on a priority basis, to support private voluntary organizations (PVOs) and the private sector to the extent practicable.

G. PAAD Design Team Members.

- Lynn Keays, Project Development Officer, USAID/Swaziland (Team Leader)
- Siphso Dlamini, Financial Analyst, USAID/Swaziland
- Donald Keene, Regional Legal Adviser, Southern Africa
- David Martella, Technical Officer, USAID/Swaziland
- Akim Martinez-Reboyras, Program Officer, AAO/Maputo
- Judi Shane, Commodity Management Officer, AAO/Maputo
- Richard Solloway, Regional Controller, USAID/Swaziland
- Stephen Sposato, Economist, AID/Washington

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I. ECONOMIC AND PROGRAM OVERVIEW

A. General Background.

In 1964, the Front for the Liberation of Mozambique (FRELIMO) began a campaign of armed guerrilla war against Portuguese colonial rule, supported by the governments of Tanzania, the Soviet Union, the People's Republic of China, and some Western countries. The Portuguese army maintained control over the South but made little headway against areas in the North. A prolonged and bloody war of attrition lasted until 1974, when a new Portuguese government sought a negotiated settlement with FRELIMO.

On June 23, 1975, Mozambique became an independent state. Simultaneously, the Portuguese elite, who held most of the professional, skilled and semi-skilled occupations in the country, began leaving Mozambique in droves, taking most of the capital investment with them and sabotaging most of the factors of production left behind. Since Mozambique's economic structure was established to serve mainly the colonial power, the settlers, and the economies of neighboring countries, the mass exodus of the Portuguese settlers left the economy close to bankruptcy and the administrative structure in almost total disarray with very little by way of technical and managerial skills.

FRELIMO is the sole legal political party, with most political authority residing in the Permanent Political Committee, which in turn is responsible to the Central Committee. All important government officials are members of FRELIMO. In 1983, the FRELIMO party had 110,000 members (its membership included 54 percent peasants and 19 percent workers). The party is meant to have a Congress every five years; it met in 1977 and 1983. A structure of local, district, municipal and provincial assemblies was established in 1977, and elections were held in September - December of that year and again in 1986.

Since independence, FRELIMO has maintained close relations with the Socialist bloc countries, notably China, the Democratic Republic of Germany, Cuba, and the Soviet Union. Mozambique is a member of the Front Line States as well as the Southern African Development Coordination Conference (SADCC), which aims to reduce the economic dependence of its members on the Republic of South Africa.

In February 1977, at its Third Party Congress, FRELIMO was declared a Marxist-Leninist vanguard party dedicated to the creation of a socialist state in Mozambique. During the

ensuing years the Government of the People's Republic of Mozambique (GPRM) established a centrally planned economy. The Government nationalized all but one bank, private land, rental property, and education. It abolished private medical and legal practices, established collective state farms and factories, and suspended most civil liberties. In addition, many abandoned enterprises were "intervened," with management but not ownership passed to the public sector. Subsequently, the economy entered a period of prolonged decline, leading to major policy changes at the Fourth Party Congress in 1983.

Following the Fourth Party Congress in 1983, relations with Western countries improved as Mozambique adopted a more pragmatic and non-aligned stance. Mozambique joined the World Bank, the IMF and the Lome Convention in 1984 and has received \$45 million emergency credit from the World Bank. In March 1984, the Mozambican and South African authorities concluded the Nkomati Accord, an agreement of non-aggression and good neighborliness that was to end support for dissident attacks from each other's territories. However, the civil strife in Mozambique and attacks on economic targets have continued and raises many questions concerning South Africa's commitment to the spirit of the accord. Although Mozambique is aware of the important role it could play in regional economic affairs and has taken significant steps toward liberal reforms, there is no doubt that the settlement of its economic problems also depends on its capacity to resolve the insurgency problem.

The Fourth Party Congress included a highly critical evaluation of previous policies and the recognition of past errors. Since then, there has been a highly pragmatic reorientation of economic policy. These include price liberalization and a shift in policy emphasis from state farms to smallholder family agriculture, from heavy to light industry, and from major new investments to rehabilitation and maintenance. Private enterprise was given greater encouragement, and a foreign investment code was enacted in 1984. Several major U.S. corporations have signed protocols with the GPRM to pursue various projects in mining, fisheries, and production of steel products. Exxon and AMOCO carried out petroleum explorations from 1984 to 1986.

Mozambique has been supportive of U.S. diplomatic efforts in promoting regional stability and has pursued a genuinely non-aligned stance in international relations. Former President Samora Machel paid a state visit to the United States in 1985. Both President Machel and current President Joaquim Chissano have received several senior U.S. officials, including Senator Nancy Kassebaum, AID Administrator Peter McPherson, Assistant Secretary of State for Political Affairs, Michael Armacost, Maureen Reagan, and several Congressional delegations.

Situated on the shore of the Indian Ocean, Mozambique is bordered by Tanzania, Malawi, Zambia, Zimbabwe, South Africa and Swaziland. Mozambique has an area of 799,380 square

kilometers, with a 4,330 km frontier and 2,600 km coastline (the largest in Africa). Its topography consists of coastal plains in the South, plateaus roughly 100 km inland, and highlands in the West and Northwest. There are sixty rivers with potential for hydro-power generation and irrigation. The hydro-power station at Cahora Bassa is the largest in sub-Saharan Africa -- having the capacity to generate 2,075 MW. The most important rivers are the Limpopo, Save, Zambezi, Lurio and Rovuma. The predominant vegetation is tropical forest and savanna. Rainfall ranges from adequate in the North to less reliable in the South.

In 1987, the population is estimated at 14.2 million people, with an annual growth rate of 2.6 percent, with 80 percent living in rural areas. The major cities are Maputo, Beira, and Nampula, with about ten percent of the total population. Substantial rural to urban migration has occurred in recent years and has increased because of the rural insurgency.

Rural social organization has generally been based on clusters of families living together in small villages. Although ten major ethnic groups have been identified, none represents a homogeneous entity, and ethnic conflict is not strong. The government has made concerted efforts to de-emphasize ethnic differences in the population.

At independence, Mozambique was left with very few trained teachers, doctors, administrators, or skilled workers. The GPRM launched an intensive educational campaign that raised the national literacy rate from seven percent in 1975 to 30 percent in 1985. Primary school enrollment increased from 672,000 to 1.4 million, and 44 percent of the people 15 - 24 years old attend school. The national university provides degrees in economics, engineering, and agricultural sciences and graduates about 100 students per year. Technical graduates are estimated at a few hundred per year. While there has been some progress, educational levels are still below those of most African countries. A considerable number of Mozambican students receive training and higher education in Eastern bloc countries.

Life expectancy is 45 years for men and 47 for women. Infant mortality, officially estimated in the 1980 Census at 159/1000, is believed to have increased dramatically. The combined infant and child mortality is estimated between 325 - 375 per 1,000. A large part of the population is believed to suffer from malnutrition, especially children under five years (an estimated 25 - 40 percent are affected). The diet of the rural population is very high in carbohydrates -- from staple foods such as cassava, corn, millet, and potatoes -- but is low in protein sources. The main dish is porridge made from corn, rice or cassava accompanied by a sauce of beans, coconut, or groundnuts.

Although the GPRM has made considerable progress implementing preventive health programs, the poor health situation in

Mozambique can be attributed to the widespread malnutrition, lack of sanitation and potable water in rural areas, and tropical diseases.

The scarcity of physicians has increased the patient-physician ratio from 16,230:1 at independence to 39,140:1 today. However, some 3,500 health workers, mainly paramedics, have been trained, and preventive health care is stressed. In this area, Mozambique is viewed as an innovator among low-income countries. In recent years, however, insurgency has inflicted setbacks on previous advances, as isolated rural health posts are a favored target.

The continuing civil strife has inflicted considerable damage and created insecurity in various parts of the country, especially in the northern provinces. The insurgents favor economic targets such as power lines, railways, road transport, farms, and export crops. There is also evidence of insurgents targeting private and commercial farms. In sum, the insurgency significantly drains Mozambique's economic resources and presents a major obstacle to the rehabilitation of the economy and long-term development.

B. Current Economic Position.

1. Macro-Economic Performance.

Mozambique's macro-economic performance since independence has been among the worst in the world. The economy has experienced a dramatic decline since the early 1980s. From 1980 to 1985, the gross social product (gross domestic product less financial services and the government labor costs) declined by 35 percent -- with the largest declines occurring in agriculture, industry and transportation. This is equivalent to an average annual fall of eight percent or 10.6 percent on real per capita production. The current economic crisis stems from a colonial legacy which contributed little to equitable development benefitting the majority of the population, adoption of policies inappropriate to the production and manpower resources available, a series of devastating natural disasters, and intense rural insurgency.

Since 1980, real production in the agricultural sector, where the majority of Mozambicans earn their livelihood, has declined 20 percent. Between 1980 and 1985, commercialized maize production dropped by ten percent, and rice by 59 percent. By early 1987, cereal production was so dismal, due mainly to the disruption of agricultural production by the insurgency, that an appeal for emergency assistance was made to the donor international community to cover an expanded food deficit -- from 450,000 to 650,000 MT.

The only significant improvement in agricultural performance began in 1984 - 85 in horticulture (with a 70 percent increase, resulting from timely supply of inputs and liberalization of prices) and cashews and citrus (with a 20 and 28 percent increase respectively, resulting from export incentive programs).

The decline in the manufacturing sector has been even more pronounced. From 1980 to 1985, the real output decreased by 45 percent. The lack of foreign exchange to finance raw materials, spare parts and equipment has resulted in Mozambican industry operating at less than 25 percent of capacity.

Mozambique's principal source of foreign exchange is from mine and agricultural workers in South Africa. The number of Mozambicans employed under contracts in South African mines was 61,156 in 1985. Approximately 80,000 Mozambicans found employment in other sectors in South Africa, particularly as farm laborers. There are a large number of Mozambicans working in Zimbabwe and Swaziland. However, this continued source is uncertain since South Africa intends to repatriate more than half of the miners and all illegal agricultural workers.

From the balance of payments perspective, between 1980 and 1986, exports declined by 72 percent (to an estimated level of \$80 million) and imports decreased by 40 percent to \$480 million. Decreased earnings from transport services and from workers abroad, combined with increased repayment of debt incurred just after independence, led to a large fall in the amount of foreign exchange available. Although imports fell by 40 percent, this was insufficient to offset the current negative balance. For 1986, the IMF estimated an accounts deficit of \$544 million and an overall balance of payments deficit of \$487 million.

The trade deficit has been financed by external borrowing. By the end of 1986, the total outstanding external debt was estimated at \$3.2 billion with the stock of arrearages exceeding \$1.0 billion. The debt burden is 71 percent of the gross domestic product and results in an unmanageable debt service ratio of 267 percent (a debt ratio is considered dangerous when it reaches 30 percent). This compares with debt service ratios in 1983 of 35 percent in Mexico, 32 in Zimbabwe, 31 in Bolivia and 13 in Zambia. Mozambique's debt service ratio is among the worst in the world.

Government spending has been constrained. In real terms, it has fallen by 60 percent since 1982. However, many losses by state enterprises have been financed by credit from the Bank of Mozambique and not from the budget. Because of growing expenditures on defense, real non-defense spending has fallen by two-thirds since 1982. Through 1984, government revenues had been sufficient to cover current expenditures. However, by 1986, government revenues could cover only 70 percent of the

current budget; revenues made no contribution to the investment budget. The rising budget deficit now is equal to 11 percent of the GDP.

Since the budget deficit has been financed by domestic and international borrowing, the large domestic borrowing has led to an average annual increase in money supply of 21 percent. Because of the lack of growth in production, Mozambique has faced the problem of greater amounts of money searching for fewer items to purchase. Although inflation has been difficult to measure because of extensive price controls, the GPRM estimates inflation at 30 percent annually since 1982. Currently, there is a large overhang of excess liquidity in the economy which will put more pressure on prices.

The lack of foreign exchange, and the need to constrain government spending, has led to a very low rate of gross fixed capital formation of nine percent. This is primarily stock changes and replacement of some existing capital. It is doubtful that there is significant new investment. Very few countries in the world are investing so little. The lack of investment means that the country is living off its capital stock, and the basis for future growth is lacking. The existing plant is exceptionally old and in disrepair (in many cases it is uneconomical to rehabilitate it). Without new investment, or rehabilitation of the existing equipment, the economy will be unable to maintain even the current low levels of production.

a. Agriculture.

The Mozambican environment is relatively favorable for agricultural development. Out of a total area of 78 million hectares, some 15 million are estimated to be arable. At present, less than 2.5 million hectares are being farmed. The country's historical breadbasket is Nampula Province, followed by Zambezia and Tete.

Agriculture is the main economic activity in Mozambique. It accounts for approximately half of the GDP and employs over 80 percent of the working population. Agriculture is the source of most major exports and provides inputs to agro-industries.

The agricultural sector is composed of small holder family farms, state farms, private commercial farms, and cooperatives. The family farms account for 90 percent of total cultivated area and produce the totality of the major export crop (cashew nuts), approximately 95 percent of the cassava, 80 percent of the sunflower seeds, and 65 percent of the beans. State and private commercial farms produce export and domestically consumed crops. Production on cooperative farms constitutes a small percentage of marketed national production.

Farming methods on family farms are very rudimentary. The shortage of hand tools is acute, and seed stocks are inadequate from one year to the next. Due to scarcity, the small farmers often lack improved seeds and fertilizer.

Agricultural production has declined in absolute terms since 1980 and more sharply in absolute terms in 1984 and 1985. Agricultural producer prices experienced little change from 1980 to 1983. In 1984 and 1985 producer prices for some staple foods were increased and prices for fruits and vegetables liberalized, which provided a stimulus for increased production.

Cashew nuts, fruits and vegetables -- largely because of price and basic consumer goods incentives as well as infrastructure rehabilitation efforts -- were the only crops that did not follow the general decline in agricultural production. The decline in agricultural production was compounded by natural disasters, civil strife, and the disruption of the transportation network. The scarcity of consumer goods and the lack of confidence in the currency have forced the farmers to revert to subsistence production, barter, and (presumably) illicit border trade.

b. Industry.

The Mozambican industry, although relatively diversified, makes only a modest contribution to the country's economy, being responsible for less than 15 percent of the GDP and employing five percent of the adult working population.

Processing of produce for export, such as cashews and shrimp, is an important source of revenue for Mozambique, but virtually no manufactured goods are exported. Mozambique's industrial infrastructure is heavily dependent on imported raw materials.

The emphasis of industrial policy shifted from heavy to light industry in 1983 in an attempt to avoid large investments and imported raw materials.

Total industrial production (including processed export crops, fish output, and mining) peaked in 1981 and declined each successive year. A 20 percent decline in real terms was registered in 1985, with heavy industry declining by 34 percent and light industry by 21 percent. Commercial fishing was the only sector to show a significant increase in output. In addition to the shortage of managerial skills, the continuous decline is attributed to the lack of foreign exchange (which resulted in a shortage of intermediate inputs and spares, and in reduced investment), preventing the rehabilitation of industrial equipment.

In the heavy industries, petroleum products, metal working, and heavy machinery were the most seriously affected -- the refinery was closed and the output of the other two industries fell more

than 50 percent. Within the light industries, oils and soap, textiles, and beverages experienced the largest decline, between 36 and 43 percent. In general, the estimated capacity of utilization fell to about 20 - 30 percent.

Commercial fishing -- accounting for ten percent of industrial output -- is the only sector which maintains a level of production close to that of 1981. Fisheries consist of shrimp (mainly for export) and fish (for domestic consumption). Industrial fishing activity is carried out by three large public enterprises, by some smaller private firms, and by joint ventures with the USSR, Spain and Japan. The marketing of shrimp caught by the public enterprises is handled by another state enterprise, while the joint ventures handle their own marketing. Fisheries are relatively free of insurgency problems, and the government is actively promoting new investment and seeking joint ventures in the sector.

c. Energy.

Mozambique possesses considerable energy resources, including hydro-electricity and coal. Nevertheless, due to the disruption of energy production by the insurgency, it depends on petroleum imports (accounting for 75 percent of domestic energy consumption) as well as imports of electricity and coal from South Africa.

The total installed electricity generating capacity in Mozambique is about 2,545 MW, of which 2,075 is installed at the Cahora Bassa hydroelectric complex, owned and operated by Hidroelectrica de Cahora Bassa -- a company in which the Portuguese Government owns 82 percent and the GPRM 18 percent. The Cahora Bassa dam, one of the largest in the world, was built to supply electricity to South Africa. Since February 1984 the complex has been practically inoperative because 100 km of the line have been destroyed by insurgents.

Mozambique's present entitlement to the output from Cahora Bassa is 200 MW, of which 78 MW can be re-imported from the South Africa grid, at the equivalent of the export price plus the transit fee. In the absence of exports from Cahora Bassa to South Africa, electric power has to be imported (from South Africa) at full price.

In 1985, electricity output was less than ten percent of the level reached in 1980, reflecting the destruction of transmission lines, shortages of equipment and materials, and lack of maintenance and management skills.

It is estimated that Mozambique has considerable coal reserves. There are three known coal deposits in the west-central part of the country -- one of which has been exploited. Since 1982, insurgents have damaged the railroad and destroyed the transportation equipment, so that it is no longer possible to

export coal. Coal exports reached \$10 million in 1981, and it is estimated that there is an export potential of 800,000 tons per year (\$25 - \$30 million).

Natural gas exploration and development is taking place in the fields of Pande, Temane, and Buzi. Pande alone has an estimated potential production of 35 million cubic feet per day. Construction of an ammonia production plant is being studied. Geological and seismic surveys have indicated the possible existence of offshore petroleum fields, however declining oil prices have dimmed the prospects for more extensive exploration.

d. Transportation.

The transport sector is vital for the Mozambican economy. Transportation has been one of Mozambique's principal sources of foreign exchange. From the macro-economic viewpoint, the income from transit freight has been essential to finance the deficit in the merchandise balance.

The transport system is essentially based on the railways and the ports. There are three main railroad systems not connected to each other within Mozambique -- they extend west from Maputo to Swaziland and South Africa, from Beira to Zimbabwe, and from Nacala to Malawi. Thus, Mozambique's transportation network is intended to provide access to the sea for the landlocked countries to its west and to the Transvaal of South Africa.

Domestically, the transport of agricultural produce to the urban centers and the distribution of consumer goods in the countryside depend on the proper functioning of the transport system.

Transport activity has declined considerably since 1981. In 1985, rail freight was less than 20 percent of the 1981 level, port handling 50 percent, and coastal shipping about 70 percent. International revenues from the sector declined to less than 25 percent of the 1981 level. The decline of transport activity in Mozambique resulted from frequent attacks of the rail lines, an overvalued metical, and subsequent diversion of transit trade to South African ports. Presently, some railroad lines are inoperative, while others operate at low speeds and with frequent interruptions. Air transport is less subject to security problems. In some regions land transport is subject to insurgent attacks but is used whenever feasible.

2. Economic Initiatives of 1984.

In May 1984, an Economic Action Program for 1984-86 was published by the government, aimed at implementing the directives of the Fourth FRELIMO Party Congress. This document, which was used as the basis for rescheduling Mozambique's foreign debt at the Paris Club meeting of October 1984, served as reference to the World Bank for the \$45 million IDA loan granted in 1985.

The priorities of the economic rehabilitation efforts include the resolution of the food deficit, the winning of the struggle against the insurgency and the black market, and the rehabilitation of economic infrastructure. Since 1984 a number of prices were totally freed while others were raised significantly; state farm lands were reallocated to private and family farmers; some state enterprises were sold to the private sector; and management was given greater control over spending and prices.

Depending upon the results of individual arrangements between private investors and the government, firms can now retain up to 100 percent of their hard currency export receipts to use for incentive pay, imports, reinvestment, or other agreed pursuits. Foreign firms are seriously considering new investment. The GPRM has signed agreements with several U.S. firms interested in particularly productive sectors, especially in minerals mining.

The government has reduced the access of loss making firms to automatic financing credit from the Bank of Mozambique. Government spending has been frozen, and the GPRM is negotiating with the IMF and the World Bank to deal with a multitude of economic policies, including exchange rate, balance of payments, debt and pricing problems.

In spite of the rehabilitation and policy realignment efforts, economic activity in Mozambique continued to experience a dramatic decline. Marketed production of the major export crops in 1985 was about one fourth of the levels reached in 1980-81, industrial production was about one-half, and transportation activity was about one-third. Energy generation and distribution have fallen even more precipitously.

The problems of each economic sector compounded the difficulties in the others. This is evidenced by the loss of crops and the failure to market minerals because of the disruption of the transportation system, and scarcity of agricultural implements because of the lack of output from the metal shops.

3. Economic Reforms of 1987.

In January 1987, the GPRM adopted a series of economic reforms developed in consultation with the IMF and the World Bank. The initial step was an increase in interest rates from three percent to 20 percent. Subsequently the metical was devalued 426 percent against a basket of currencies -- from 38 meticaïs to the dollar to 200 meticaïs to the dollar. This is the first adjustment of the metical since 1980. The metical will be subject to periodic adjustments. At the time of the devaluation the metical was trading in the parallel market at 1,800 meticaïs per one U.S. dollar, and the following month 1,200 meticaïs to the dollar was the most common rate.

The devaluation of the currency was accompanied by other economic adjustments affecting almost all areas of the economy (salaries, taxes, as well as prices for goods and services).

Price adjustments included state-provided services such as telephone (+400%), local transport (+185%), air fares (+200%), train fares (+1,840%), postal stamps (+212%), and electricity (+204%). The price of fuel was increased by 300 percent for premium, 500 percent for regular, and 700 percent for diesel.

In the area of agricultural producer prices, in March 1987, the GPRM announced an increase in prices paid by AGRICOM (the parastatal responsible for agricultural marketing) for corn, groundnuts, beans, rice, mapira (locally produced cereal) and sesame. The following table shows new producer prices and the percentage increases.

Table 1.

AGRICULTURAL PRODUCER PRICES
(meticaís/kilogram)

	<u>New</u>	<u>Old</u>	<u>Percent Increase</u>
Corn	40	13	208
Groundnuts	100	23.5	325
Mapira	35	12	192
Sesame	100	19.5	413
Unshelled rice	48	17.5	174
White beans	64	15	327

Consumer prices for these products also have been raised by 76 percent (for corn) to 550 percent (for groundnuts).

The GPRM has raised the prices for the basket of goods (corn, flour, rice, sugar, groundnuts, cooking oil, soap, beans) available through the Subsidized Rationing System in the major urban areas of Maputo and Beira, by approximately 80 percent. The relatively smaller increase means that the GPRM will continue its subsidy of staple food items, in order to minimize the impact of major price increases on an already strained family budget. The total cost of all GPRM subsidies, including subsidized basic consumer goods, clothing and work-place meals, in 1987 is estimated at 6.8 billion meticaís.

A new tax code, designed to reverse the slide in government revenue, was announced in February 1987. The new tax code includes, inter alia, the following measures:

- Income tax rate for individuals earning up to 10,000 meticaís was increased from two to six percent;

- Income tax rate for owners and partners of firms was set at 15 percent;
- Sales tax for cigarettes, beer and soft drinks was raised substantially, up to 200 percent;
- Windfall profit tax was instituted. The tax rate (yet to be defined) intends to offset windfall profits accrued from currency adjustments; and,
- Export tax was adjusted from a variable rate of 1-13 percent to a flat rate of 20 percent.

The GPRM decreed an immediate across the board wage increase of 50 percent for Government employees intended to cushion the increase in prices and taxes. In addition, a system of performance bonuses and rewards to the most productive and efficient workers was announced. The pension system was adjusted by 100 percent for those receiving benefits for over 10 years and 50 percent for over five years.

The economic recovery program launched in 1987 is intended to support a Structural Adjustment Facility with the IMF and secure additional assistance from international and bilateral donors. All of these adjustments are difficult for an economy to handle, and it will be particularly difficult to the war-torn Mozambican economy. It is anticipated that the reform program together with the Structural Adjustment Facility will set the stage for a World Bank-sponsored Consultative Group Meeting this summer.

C. U.S. Assistance: Private Sector Rehabilitation Program.

1. Program Purpose and Justification.

AID began regular bilateral development assistance to Mozambique in FY 1984 with the initial obligation of the Private Sector Rehabilitation (PSR) Program. (Food has been provided since 1978 to cover the increasing food deficit.) The program goal is to promote long-term development and growth in Mozambique in order to achieve stability in southern Africa. The intent of AID assistance is to demonstrate the role the private sector can play in achieving long-term growth in Mozambique. The program concentrates assistance on the agricultural sector, given the need for food and the potential for a rapid and substantial production response.

The purpose of the PSR program is to:

- increase food production and improve its distribution in the Maputo market area by selling currently unavailable inputs to private sector farmers and traders; and

- assist Mozambique to meet critical needs in training and advisory services required for private sector development and increased food production.

PSR I (FY 1984) contained a CIP for \$6 million and a technical assistance component for \$2 million. PSR II (FY 1985) contained a CIP for \$12 million and technical assistance for \$1 million, while PSR III (FY 1986) contained a \$9.57 million CIP.

The AID strategy is:

- to encourage GPRM collaboration with international financial institutions to develop a more market-oriented economy;
- to provide agricultural inputs needed to expand the dynamic productive capacities of the private farmers; and
- to assist private entities and public institutions in ways which directly support services essential to private sector growth.

The CIP has provided a forum for AID to engage in an active policy dialogue with the GPRM on four policy issues:

(a) lessening controls on producer prices of agricultural commodities; (b) devaluing the local currency to narrow the gap between the official and parallel market rates; (c) moving toward 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.

At the time the initial PSR program was being implemented, the GPRM was beginning to address many of these policy issues and needed support to move forward with complete policy reforms. As the only donor providing assistance specifically to revitalize the private sector, AID has played a major role in encouraging and assisting the GPRM to implement policy changes which provide inducements to the private sector to increase economic activity. (These policy changes are discussed in Section III.C.) AID will continue to hold policy discussions with the GPRM on important policy adjustments, as the GPRM implements a major economic reform program in conjunction with the IMF and World Bank.

The implementation status of the three CIPs follows.

a. PSR I (FY 1984) CIP.

The commodity import program of the FY 1984 Private Sector Rehabilitation Program (CIP I) provided a range of agricultural machinery and inputs to two areas: the "Green Zones" and adjacent districts around Maputo and the region around Chokwe. The Project Grant Agreement for \$6 million, was signed on

September 29, 1984; procurement has been completed and all commodities were in-country by May 1986. The Commodity Management Officer (CMO) in Maputo reviewed and approved RFQs, which were then transmitted via telex worldwide by the authorized Mozambican importer. As a result of the strong U.S. dollar and extremely competitive prices, the actual prices of commodities ordered pursuant to the initial RFQs were approximately \$1 million less than expected. These funds were reprogrammed to purchase seeds from Swaziland.

The procurement process established for CIP I was highly successful, with the exception of the role of the U.S. bank issuing letters of credit. Banking problems encountered related to the untimely issuance of letters of credit (or amendments), inadequate bank reporting to the AAO/Maputo, and delayed processing of payments to suppliers.

For CIP I, importers were almost exclusively parastatal enterprises, as no private all-purpose import firm existed. Once through customs, the commodities were turned over to the various private and parastatal distributors who, in turn, moved them to the retail outlets. In the case of seeds and fertilizers, BOROR, a state-intervened firm, supplied the local unit of the "Green Zones" coordinating authority, which acted as the final retailer. For Ford and Massey Ferguson tractors and spare parts, the importation and distribution processes were entirely in the hands of private sector firms. Both parastatal and private trucking companies were used to move the commodities to the private sector end user.

Accurate records have been kept, ensuring that commodities are going only to private sector farmers. There have been very few distribution delays once the commodities are off-loaded in Maputo. This well-established and documented process has served as a successful model for follow-on phases. Annex A provides a listing of commodities.

The sale of inputs financed by CIP I generated 259,284,290 meticaís; 249,947,568 meticaís has been deposited and another 9,338,722 meticaís remains to be deposited into the Special Account. The meticaís that remain to be deposited represent the local currency equivalent of the dollar price that the importers must pay for the CIP-financed goods. Since CIP I procedures for CIP sales did not include blocking the local bank account of the importer for the amount of the CIP purchase at the time of award, the Bank of Mozambique has had to actively collect these funds and is in the process of doing so. Beginning with CIP III, the Bank of Mozambique now blocks the purchaser's local account for the dollar equivalent of the price of the commodities at the time of procurement awards. The status of the local currency account is discussed in Section IV.I.

b. PSR II (FY 1985) CIP.

The FY 1985 program proceeded from the experiences of the first CIP, providing similar commodities as well as:

- raw materials for industries manufacturing local inputs and other products (such as tires, irrigation pipe and hose, and rubber boots) needed by private and family farmers;
- diesel to ensure the operation of tractors and trucks utilized by private farmers; and
- incentive construction materials, i.e. zinc sheets used for housing (these materials needed for rural household improvements are thought to encourage increased production).

The target zones were expanded to include a new area around Xai-Xai at the mouth of the Limpopo River and more districts in Maputo Province. To address critical shortages caused by a four-year drought, CIP II financed limited amounts of seeds, fertilizer, and hand tools for Inhambane and Gaza provinces.

The Project Grant Agreement with the GPRM for \$11 million was signed on August 27, 1985, and was amended to add another \$1 million in late September. The procurement and distribution procedures, established under CIP I, continued into the second program with minor modifications. As a response to new firms and importers which had approached the AAO/Maputo, solicitations were sent to a larger pool of potential suppliers. Given the increased familiarity with the program and documentation requirements, procurement was faster than during the first program.

The CIP inputs provided throughout 1986 allowed a supply of produce to Maputo during drier seasons, when such vegetables were previously not available. BOROR utilized private retailers in Xai-Xai to distribute seeds and fertilizers which allowed for quicker handling of these commodities.

As a consequence of payment difficulties encountered in CIP I, CIP II utilized an AID Direct Letter of Commitment (L/COM) procedure (with issuance by either USAID/Swaziland or AID/W), rather than the bank letter of credit. As of February 28, 1987, 59 L/COMs for \$11,847,866 have been issued (approximately 98 percent of the total funds for the CIP); the remaining two L/COMs for \$100,917 are for procurements related to the technical assistance component and will be issued by February 1987. Approximately 90 percent of the commodities have arrived or are in shipment, with the AAO/Maputo awaiting shipping information for another six percent. Annex B contains a listing of commodities.

The import of commodities has generated 354,258,219 meticaais, of which 318,584,925 meticaais have been deposited into the Special Account, with another 318,556,927 meticaais remaining to be deposited. This large balance reflects a the exchange rate adjustment that is the result of the recent devaluation. Additionally, 125,674,343 meticaais have been deposited into the Special Account from the proceeds of a surcharge levied on heavy equipment. Another 79,914,901 meticaais is due. (This surcharge was added to have the price more realistically reflect the scarcity value of the equipment.) The status of the local currency account is discussed in Section IV.I.

c. PSR III (FY 1986) CIP

The FY 1986 program (CIP III), currently underway, provides similar commodities to CIP II. Modifications include:

- raw materials for battery, truck trailer, and corrugated roofing sheet fabrication, and
- more large trucks in an effort to reduce the serious marketing constraint presented by the lack of transport.

On a pilot basis, the program will allocate a few 8-ton trucks to private transporters. (As the trucks have not yet arrived in country, it is not possible to assess the effect of this pilot plan on reducing marketing constraints.) The program continues to focus support on the Chokwe and Xai-Xai regions and Maputo Province. CIP III follows the same procurement and distribution procedures established in the previous program.

The CIP Grant Agreement for \$9.57 million was signed June 10, 1986. As of February 28, 1987, 28 L/COMs for \$6,239,376 had been issued. The remaining 12 L/COMs for \$3,214,549 are expected to be issued by May/June 1987. The first imports arrived in December 1986. As of February 28, 1987, approximately 21 percent of the commodities had arrived in Maputo.

Under CIP III, the private sector has become more involved in the program. Parastatal importers have been used only to establish specifications, telex RFQs, and assist in evaluating quotations. Once a supplier has been identified, its authorized agent in Mozambique is allowed to import the commodities directly.

CIP III was planned to have the commodities arrive in time for the growing season commencing November 1986. However, delays in ESF apportionments, and AID/W approval of waivers and an ad hoc delegation to authorize the program, deferred signing of the Grant Agreement from March until June 1986. Because of this delay seeds and fertilizer for the November growing season were

financed by CIP II reprogramming (specifically, the \$1 million amendment). Annex C lists CIP III commodities.

2. Impact of CIP I, II, and III.

Evaluations have been completed for the first and second phases of the Private Sector Rehabilitation Program (CIP I and CIP II). These revealed that the commodity mix was appropriate, inputs were provided in a timely fashion and were used effectively, private sector agricultural production increased significantly, and the Maputo market realized a dramatic increase in marketed produce. The evaluations documented a success story whereby the private sector demonstrated its productive capacities and reinforced its dynamic, contributory role in the Mozambican economy. In addition, the evaluation corroborated that the CIP continues to be the major supplier of inputs to private farmers (commercial, family and cooperatives) and the U.S. is seen as the principal benefactor of the Mozambican private and family agricultural sectors in the targeted areas.

As a result of the experience of CIPs I and II and the demonstrated success of the program, the latest evaluation recommended the following:

- that the current project area of Maputo Province, and the areas around Xai-Xai and Chokwe in Gaza Province, be maintained;
- that inputs to the Maputo Green Zones be increased to include greater quantities of seeds and other supplies for the family and cooperative sectors;
- that the mix of seeds be adjusted to include greater quantities of cereals, cowpeas (in all target areas), and groundnuts (in Gaza Province);
- that fuel be made available to transporters; and
- that greater quantities of seed, fertilizers and hand tools be distributed by private wholesalers and retailers.

These recommendations have been considered in the development of this PAAD. Also, the experience of CIP III has demonstrated the importance of obligating funds in March in order to provide inputs for the planting season which begins in September.

D. Other Donor Activity - Economic Assistance.

In addition to assistance from AID, Mozambique has received economic assistance from a variety of multilateral and bilateral donors. Mozambique joined the IMF on September 27, 1984, as it

was finding it increasingly difficult to service its debt. Its quota is 61 million Special Drawing Rights (SDRs), of which 27 percent is payable in SDRs and the rest in meticaís. Negotiations with the IMF on the first stand-by credit agreement are expected to be concluded in March/April 1987. The agreement with the IMF is a sine qua non for Mozambique's creditors to reschedule further the country's debt and will facilitate an World Bank-sponsored Consultative Group Meeting which would trigger additional aid from Western countries.

The World Bank provided Mozambique \$45 million under an emergency line of credit agreement with IDA signed on July 23, 1985. The loan is repayable in 50 years at 0.75 percent with a ten year grace period. The IDA loan enables the GPRM to import capital goods, spare parts, and raw materials for the priority sectors of industry, transport and agriculture. The industrial sector is the prime beneficiary with \$30 million earmarked for raw materials. A total of 33 firms (19 of them private) were selected to participate in the IDA loan. \$10 million was earmarked to maintain the fleet of over 13,000 trucks and 80 locomotives. Finally, \$5 million was allocated for the agricultural sector for the purchase of hand tools, sacks, and seeds. Since the World Bank involvement in the agricultural sector is not geographically targeted, the inputs provided will not duplicate those financed under the AID-funded CIP.

Mozambique is the third largest recipient of FAO assistance in the world, superseded only by Tanzania and Ethiopia. FAO's activities in Mozambique are quite diverse and include seed multiplication, food security, irrigation, training, and soil conservation. In 1985, FAO implemented 43 projects, employing 91 experts and costing approximately \$9 million. In addition, a special program for agriculture recovery in Africa was launched in March 1985 from which Mozambique received additional assistance. The program accounts for an additional \$8 million.

UNICEF's program in Mozambique is the third largest in the world. The 1987 program level for regular and emergency programs is approximately \$13 million. UNICEF also coordinates a number of projects funded by other donors (including a \$3.2 million from AID provided for the construction of wells).

Mozambique has extensive economic relations with Western nations. The decision to join the group of Africa, Caribbean, and Pacific (ACP) states linked to the European Economic Community (EEC) was evidence of the importance of ties with individual EEC members, particularly Italy. In addition to providing Mozambique with food aid, the EEC has been involved in agriculture, fisheries, energy rehabilitation, shipping, rail transport, and textiles.

All four Nordic States (Denmark, Finland, Norway and Sweden) provide assistance to Mozambique through the Mozambique Nordic Agricultural Program (MONAP). The program began shortly after independence. The first MONAP agreement, signed in 1977, for

1977-80, provided \$50 million to supply equipment particularly to state farms. MONAP II (1981-1985) provided \$66 million for 23 projects and shifted emphasis to cooperatives, family and private farms. At the end of 1985, there was a pipeline of funds from the MONAP II program. For this, as well as for security reasons, the MONAP III program did not start in 1986. An intermediate program was implemented in its place.

In 1986, a \$10 million budget was approved to fund seven projects to be implemented in "safe" areas. These projects include assistance to the family sector in the Beira Green Zones; an integrated rural development program in Marracuene, Maputo Province; assistance to the Ministry of Agriculture training centers in Boane, Lioma, Matama, and Namialo, as well as support to those of Maputo, Matola, and Namaacha; veterinary training; seed production; and training of small farmers in three northern provinces as well as Maputo and Gaza. In addition, MONAP provides technical assistance to the MOA's Rural Development Department responsible for the coordination of MONAP projects.

The Nordic countries also maintain a sizable bilateral aid program in health, energy, agriculture, forestry, roads, fisheries, oil exploration, industry, telecommunications, ports, road transport, air transport and training.

Mozambique is the second largest recipient of Italian aid, second only to Somalia. Since 1980, Italy has financed various projects for over \$500 million. In September 1985, Italy and the GPRM agreed on the 1986-1988 program of \$180 million. Under this program the funds were allocated (one-third each) for the importation of consumer goods, development projects, and projects to increase Mozambique's exports. In Maputo Province, Italy is providing \$27 million for the 213,000 hectare Sabie-Incomati stock raising and agriculture project. In the Machinga region (80 kilometers north of Maputo) Italy is financing the development of 2,000 hectares. Italy also is involved in fisheries, mining, food industry, glass and metals, textiles, road and rail transport, and energy.

Mozambique also receives bilateral assistance from Eastern bloc countries. The amount and type of assistance is unknown since published reports are not readily available.

II. MOZAMBIQUE - AGRICULTURAL PERFORMANCE

A. Agricultural Sector.

1. Country-Wide Situation.

A distinction must be made in the country-wide performance of agriculture in Mozambique and that in the southern provinces of Maputo and Gaza which have received large shipments of AID equipment and agricultural inputs, and where the insurgency has been kept relatively under control.

Large parts of the eight provinces to the north have been severely disrupted by the insurgency since 1981. The combined effects of severe drought in the period 1981-84, cyclones in 1979 and again in 1983, and disruption of agricultural activity by insurgency have resulted in persistent food shortages and an overall sharp decline in production in these areas. Poor economic policies and mismanagement of state farms have also contributed to the decline in production. The government has taken steps to correct its policies and improvements are slowly taking effect (see below).

While agriculture has been revived in Gaza and Maputo provinces since 1984 not only through AID efforts to provide inputs, but by a partial end to the drought, increased fighting in the North has caused the situation to deteriorate.

a. Resources.

About 20 percent of Mozambique's total land area of 78 million hectares is potentially cultivable. Of this only about 3 million hectares are under cultivation. In the northern part of the country both soils and rainfall are generally favorable to agriculture. The region traditionally has produced most of the country's staple crops. In the South, cultivation is difficult outside the irrigated zones along the Limpopo River. Average rainfall in most of the area north of the Save River ranges from 800 to 1400 millimeters, reaching as high as 1500 to 2000 millimeters in the Zambezia Province and mountain areas respectively. This compares to an average annual rainfall of less than 800 millimeters in the South except along the coastal areas.

In the sandy soils of the Maputo Green Zones cultivation is possible only with intensive use of fertilizer inputs and irrigation. Nevertheless, with the provision of U.S. resources, over the last two years this area has been producing surplus food for the southern region. United States aid also goes to the districts of Chokwe and Xai-Xai in Gaza Province. Heavy

loam and clay soils and the location of these areas along the Limpopo River, where irrigation is generally available, makes these areas responsive to the increased inputs that U.S. AID has provided. Production has consequently increased over the past few years, due also to a partial end to the drought, reallocation of state farm land to private farmers, and continuing good security in the region.

b. Structure.

Nationally, there are an estimated 7,000 private commercial farmers (one fourth of them in the CIP target areas) who produce five percent of agricultural production and 15 percent of agricultural exports. The family farm accounts for 70 percent of production and 20 percent of agricultural exports, with state farms producing 25 percent of output and 65 percent of agricultural exports. Cooperatives are unimportant from a national production perspective, producing less than one percent of all agricultural output.

The distribution by area is somewhat different. The state farm subsector occupies an area of about 140,000 hectares or some six percent of the total cultivated land and employs some 150,000 workers. The high level of inputs allocated to the state farms -- more than 90 percent of government investment in agriculture, and imported agricultural inputs -- account for its more than proportional share in output.

The decisions made pursuant to the Economic and Social Directives of the Fourth Party Congress tending to liberalize economic activity have allowed the private agricultural sector activity to increase in importance. The new land reform law instituted in early 1987 has precipitated the breakup of state farms and the redistribution of large tracts of land to private farmers. New lands are being opened up and increased inputs are available.

Private farmers cultivate an estimated 50,000 hectares, about two percent of cultivated land. This percent should increase as the effect of government land schemes and the accumulation of productive resources allows the private sector to expand.

c. Production.

Agriculture is the mainstay of the Mozambican economy, accounting for about 80 percent of the labor force and about 50 percent of total production. The vast majority of this activity is subsistence farming. The major marketed crops are cashew nuts, maize, cassava, sugar, cotton, tea, rice, fruit and vegetables.

Table 1 shows agricultural production from 1978 to the present for these major crops.

Table 2.

MARKETED AGRICULTURAL PRODUCTION, MAJOR CROPS 1978 - 1986
(in thousand metric tons)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Cashew	74.0	80.0	85.0	90.1	57.0	18.1	25.3	30.4	38.3
Citrus	36.4	39.0	32.0	36.0	29.1	18.0	n.a.	31.4	14.2
Copra	60.0	52.2	37.1	54.3	36.6	30.7	24.8	16.5	15.2
Cotton	72.4	36.8	64.8	73.5	60.4	23.0	19.7	10.1	13.5
Maize	70.0	60.0	65.0	78.3	89.0	55.3	82.0	39.8	23.7
Rice	44.0	56.2	42.8	28.1	41.5	17.1	19.1	29.5	39.1
Sugar	n.a.	n.a.	170.2	177.2	125.8	73.7	39.3	n.a.	38.9
Tea	67.6	86.0	90.1	99.2	109.7	51.1	59.8	25.0	5.8

n.a. - not available

Source: Ministry of Agriculture, GPRM, IMF

In the decade prior to independence, agricultural production increased in per capita terms. Production of almost all major crops increased. Total production from 1963 - 73 increased by five to seven percent per annum, while population grew by 2.4 percent per annum. Since independence, agricultural production has failed to keep pace with population growth. Production of food staples and cash crops has fallen sharply. The effects of drought, insurgency and economic mismanagement are readily seen in the sharply lower production levels in the early 1980's. While production has increased since 1984 for most crops, continuing semi-drought conditions and the insurgency have caused famine conditions to persist in the north of the country and problems to continue throughout. This explains the sharp fall in tea and maize production in 1986.

Mixed crop livestock production is common in the south and central part of the country but rare in the north where tsetse fly infestation persists. Goats, sheep, pigs and poultry are raised throughout the country for family consumption. The widespread commercial production of pigs and poultry (including egg production) has been curtailed by the shortage of domestically produced animal feed and the lack of foreign exchange to import animal feed. There appears to be a marked decline in the number of animals in Mozambique because of the drought, animal feed shortages, and, in some areas, rural insurgency.

d. Marketing.

The departure of small rural traders, known as "cantineiros," after independence resulted in the virtual collapse of the rural marketing network. Both the distribution of inputs and wholesale and retailing activities which were exercised by the cantineiros were disrupted.

Attempts were made to replace the cantineiros system by government-operated "Peoples Stores." This experiment has been abandoned, and the GPRM is now trying to reestablish the rural trader network.

The state enterprise, Agricom, was created in April 1981, to function as the collector and buyer of cereals at the district level throughout the country. Agricom's physical network consists of 240 fixed buying posts, 65 mobile buying brigades and 92 warehouses. Where traders do not exist, Agricom has attempted to pick up the marketing and distribution functions. Most importantly, Agricom has assumed the marketing functions for most agricultural commodities produced in the family sector and helps out with the distribution of seeds, basic agricultural implements and consumer goods.

The inter-regional marketing system continues to deteriorate as Agricom's transport fleet is attacked by insurgents. Also, Agricom suffers from poor equipment maintenance, lack of spare parts and a limited number of qualified management personnel. As a result, Agricom no longer buys the major part of the production of the principal cereals. An increasing amount is being produced for local consumption and used to supplement wage payment or traded in the informal markets.

A second parastatal, BOROR, supplements Agricom's distribution activities for agricultural inputs. Recently the government has shown a willingness to privatize distribution by selling 7 of 11 BOROR units. Private traders operate in rural districts in which neither BOROR nor Agricom is active.

There are several small transport firms that deal in the collection and marketing of agricultural produce. Collection for export is done almost entirely by state farms and state-run enterprises, although a private sector firm with international distribution networks, Lomaco/Lonrho, has just been allowed to enter this domain.

2. Agricultural Production in CIP Target Areas.

A number of constraints inhibit maximum output of agricultural production in Mozambique. Of primary importance is rural insurgency which hampers the transport of inputs and the inter-regional marketing of produce, displaces hundreds of thousands of family farmers, destroys capital equipment, steals surplus food stocks, and targets the private commercial farmer for

robbery and abduction. Other constraints include the lack of appropriate pricing incentives, the scarcity of consumer goods, and the lack of capital equipment and inputs, all being addressed through the CIP in the target areas. Agricultural production in the target areas has been less affected by the insurgency than other areas of the country; the major insurgent-related constraint is in transportation to certain areas, which requires twice daily convoys.

The evaluation of the Private Sector Rehabilitation Program (CIP II) revealed that the provision of agricultural inputs, equipment and transport has influenced a significant increase in production in the program target areas. In Xai-Xai, there was a marked increase in the amount of privately cultivated land and the increase in production from this area may be significant during the 1986/87 season.

During PAAD design team visits to Chokwe, the UDA estimated production of cereals and vegetables at 60,000 MT and 30,000 MT, respectively. This represents a 15,000 MT increase over the previous year. Rice cultivation was increased by 13 percent from 15,000 hectares to 17,000 hectares. In 1987, the Chokwe administration plans to open approximately 4000 hectares of former state farm lands and new lands to private farmers. In the Maputo Green Zones in 1986, total production by the private commercial and family sectors was 39,400 metric tons.

Table 3 shows vegetable production increases for Maputo and Gaza Provinces.

Table 3.

MARKETED VEGETABLE PRODUCTION FOR MAPUTO AND GAZA PROVINCES
(in metric tons)

	Maputo Province		Gaza Province	
	<u>1984-85</u>	<u>1985-86</u>	<u>1984-85</u>	<u>1985-86</u>
Potato	121	2,000	417	2,097
Sweet Potato	n.a.	400	n.a.	224
Beans	31	6	184	346
Groundnuts	150	210	99	252
Onion	480	796	1,316	5,578
Tomato	830	7,405	12,579	17,841
Other Vegetables	4,098	8,291	18,381	26,473

Source: Ministry of Agriculture, GPRM, AID estimates

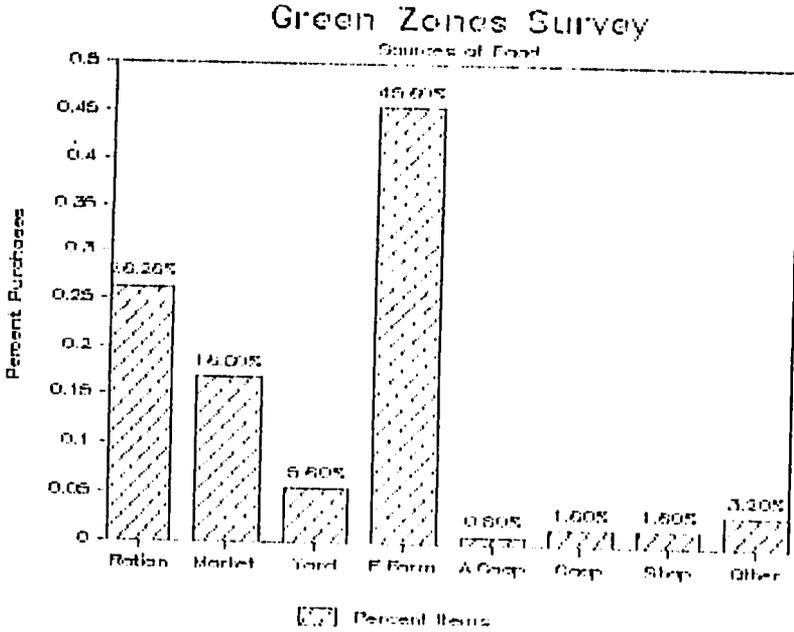
In addition to vegetable price liberalization, several other factors influenced these increases. AID provides a significant

portion of inputs available to private farmers -- those largely undertaking commercial vegetable production. These farmers were not receiving agricultural inputs from the government sector prior to the implementation of the CIP. In the Maputo Green Zones, AID provides 100 percent of inputs to the private commercial farmers, 70 percent to the family farmers and 75 percent to the cooperatives.

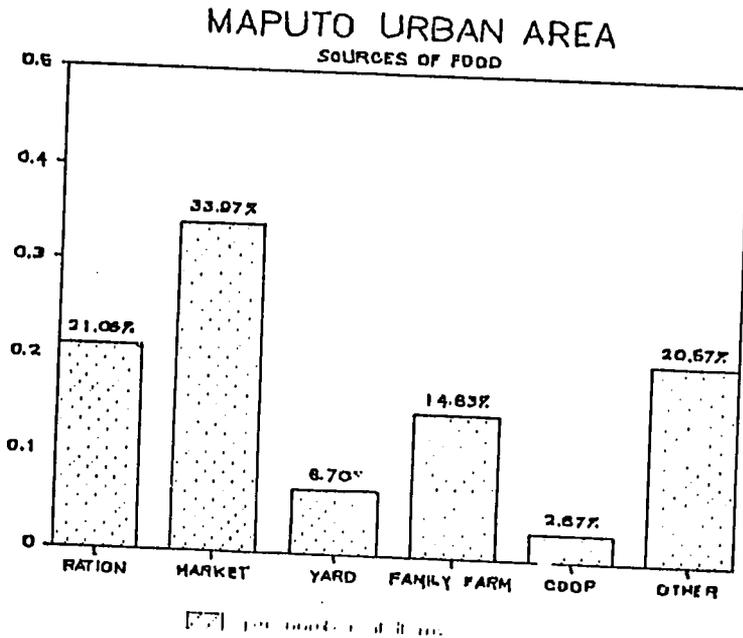
Secondly, area cultivated in the target zones of Xai-Xai, Chokwe and the Maputo Green Zones, which supply vegetables to the Maputo market, was expanding because of government-sponsored irrigation, resettlement, and dismemberment of state farms. Finally, some farmers have undoubtedly diverted some cultivated area from staple crops to more profitable vegetable crops, although farmers must continue to produce staple crops for subsistence and food for labor.

Nevertheless, even in the initial stages of the program significant benefits have accrued to both rural and urban populations (Maputo) from increases in food production. Based on surveys done by the AAO/Maputo 61.2 percent of food consumption in the Green Zones comes from sources which are supported by the CIP, specifically the family farm, agricultural cooperatives and shops (through contracts with commercial farmers), the market and the yard (home garden). For the Maputo urban area, approximately 58 percent of the available food comes from sources supported by the CIP, the market, family farms, cooperatives and the yard.

Graph 1.



Graph 2.



The confluence of the forementioned factors also has resulted in decreased market prices for a number of crops, in response to supply and demand factors, after the initial increase due to price liberalization. Table 4 below documents price changes for cabbage, onions, lettuce, tomatoes and carrots, between December 1984 and December 1986 in the Maputo market.

Table 4.

	<u>VEGETABLE PRICES</u> (in meticaís/kg.)				
	<u>Cabbage</u>	<u>Carrots</u>	<u>Lettuce</u>	<u>Onions</u>	<u>Tomatoes</u>
Dec 1984*	12	15	25	12	20
Dec 1985	180	500	1000	800	1000
Dec 1986	180	400	500	300	300

*GPRM controlled prices

In sum, the CIP is a major influence in the production and availability of food in the target areas.

3. Impact of U.S. Assistance on Macro Agricultural Growth.

The CIP has provided inputs for agricultural production to private sector farmers in several important producing areas (Maputo Green Zones, Xai-Xai region and Chokwe region). By supplying agricultural inputs (which are largely not produced in Mozambique and for which the shortage of foreign exchange reserves had resulted in insufficient supplies), the CIP has allowed production in these areas to increase dramatically.

In the CIP project area, problems for farmers will arise if the flow of agricultural inputs stops. Without increased foreign exchange earnings, the Mozambican economy will be unable to import sufficient agricultural inputs to maintain production. Since the agricultural sector figures so large in the total Mozambican economy, it is difficult to conceive of a situation in which this sector could borrow foreign exchange earnings from other sectors to maintain and expand its production. The recent evaluation of CIP II indicated that a practical solution to this dilemma is for agriculture itself to earn the necessary foreign exchange to support its own development. Consequently, with an increased resource flows either in this CIP (above the \$9.835 million level) or in the follow-on program, assistance to the agricultural export sector will be explored.

Table 5 shows the quantity and type of Mozambican agricultural exports for the last nine years. Since 1979, Mozambican agricultural exports declined precipitously to levels as low as less than one percent of the 1979 levels.

Table 5.

AGRICULTURAL EXPORTS BY TYPE
(thousands of metric tons)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Cashew	18.4	17.1	15.6	12.2	16.7	5.8	4.1	3.1	3.0
Citrus	11.8	16.3	14.0	16.5	11.6	8.0	11.0	10.4	8.2
CNSL*	7.9	6.3	2.0	4.8	7.1	3.0	0.7	1.0	0.9
Copra	34.4	29.1	19.4	12.2	12.2	6.0	4.2	12.7	8.4
Copra Oil	1.9	3.1	3.6	4.8	2.5	n.a.	n.a.	n.a.	n.a.
Cotton	12.8	16.1	5.7	15.0	13.7	13.2	5.9	4.7	0.9
Molasses	52.3	64.9	42.5	49.4	33.1	10.5	n.a.	n.a.	n.a.
Sisal	11.3	14.0	16.0	5.8	5.7	2.5	2.0	0.2	.01
Sugar	24.6	118.7	63.8	63.1	28.5	25.0	16.4	16.8	n.a.
Tea	13.5	23.3	30.0	16.0	25.1	13.3	7.7	1.8	1.4
Timber	30.9	25.4	20.7	23.6	11.4	1.6	2.3	1.8	1.4

n.a. - not available

*CNSL - Cashew nut shell liquid

Source: Bank of Mozambique

With the restructuring of the economy and the expected concurrent increased flow of capital from international donors and investors, it is possible for Mozambique to revive its agricultural export sector and regain its share of the international market at least to its previous level in 1979.

However, a number of constraints exist which may slow recovery and limit Mozambique's potential share of the international agricultural market.

Firstly, due to its colonial relationship with Portugal, Mozambique lacks a strong domestic network for international marketing. This narrow trading pattern and lack of an international marketing mechanism have limited Mozambique's access to a potentially greater share of the international market for its agricultural produce. With the increased levels of foreign investment and donor assistance, Mozambique should be able to diversify its trading pattern and develop a domestic capacity for international marketing.

Secondly, many of Mozambique's traditional export crops, with the possible exception of cashew nuts, will encounter tremendous competition, as there is a world surplus in most of these crops and prices on the world market generally have fallen. This is true to a lesser extent for cotton, although Mozambique may have an advantage in producing the long staple variety, still prized for its quality. Mozambique will need to make a careful assessment of its competitive position in order to make prudent projections concerning the market growth potential for its raw agricultural exports and the potential for increased foreign exchange earnings through the export of semi- and fully processed agricultural products. Since Mozambique has joined the Lome Convention and is potentially a beneficiary to other regional or bilateral agreements with trade provisions, Mozambique should be able to develop preferential trade agreements with favorable prices for some of its exports.

Lastly, much of Mozambique's agricultural exports are produced in the country's traditionally strong agricultural provinces of Nampula, Zambezia and Tete, all which currently are affected by extensive insurgent activity. The insurgency has inhibited production and the transportation of products to ports for export. Mozambique's ability to resolve the insurgency is imperative to ensuring long-term recovery of the export sector in general.

A major emphasis of the IMF/World Bank economic recovery program is the reemergence of Mozambican exports in all sectors of the economy. It is expected that a restructured economy, the increased inflow of capital and technical assistance to assist Mozambican through this period of disequilibrium will alleviate many of the constraints and stimulate increased activity in the export sector.

B. Impact of the CIP on GPRM's Foreign Exchange Reserves.

Since funds allocated for the Commodity Import Program must be entirely accounted for by the purchase and import costs (freight, handling, and insurance) of goods allocated to the agricultural sector, no direct impact on the GPRM's foreign exchange reserves occurs. Nevertheless, by providing foreign exchange for the purchase of necessary agricultural inputs the CIP frees Mozambican reserves for other purposes. To a large extent the GPRM has failed to import these commodities, however, due to severe exchange constraints. This has impacted negatively on agriculture throughout the country.

Table 6 below is a forecast of the GPRM Balance of Payments from 1984 actual through forecast 1987, completed by the World Bank in June of 1985.

Table 6.

A "BASE CASE" BALANCE OF PAYMENTS SCENARIO
(US\$ million at current prices)

	1984	Projected			1985-87
		1985	1986	1987	
Exports (g & nfs*)	154	150	173	195	518
of which:					
Cashew nuts	15	16	16	17	49
Prawns	27	33	39	47	119
Tea	11	12	13	17	42
Cotton	8	8	9	10	27
Imports (g & nfs)	564	322	280	398	1,000
of which:					
Equipment	108	102	99	96	297
Food	126	103	107	111	321
Other	330	117	74	191	382
Factor Services (net)	-66	-14	-11	-6	-31
Current Account Balance	-476	-186	-118	-209	-513
Capital Account Balance	193	186	118	209	513
Official Grants	166	135	140	146	421
M & LT Loans (net)	-144	-11	-22	62	91
1984 Paris Club					
Debt Relief	206 <u>a/</u>	62	-	-	-
Other <u>b/</u>	-35	-	-	-	-
Overall Balance	-283	-	-	-	-

a/ Includes debt relief amounting to US \$58.9 million for arrears in 1983 and US \$146.8 million for arrears in 1984.

b/ Includes capital n.e.i., net short-term capital, and errors and omissions.

* g & nfs: foods and nonfactor services

The \$9.835 million provided under Phase IV of the CIP would account for from two to five percent of the actual current account deficit and five percent of the forecast 1987 deficit, or two to three percent of imports. While the Bank's forecast already assumes a severe 60 percent fall in Mozambican imports,

the addition of US\$10 million in aid still represents a significant contribution in terms of Mozambique's total ability to import.

The addition of further private capital investment, less than \$35 million in 1984, would significantly improve Mozambique's balance of payments difficulties as discussed above.

C. Macro-Economic Performance Projections.

1. Macro-Economic Reforms.

The potential for positive future economic growth in Mozambique is closely aligned with the success of the GPRM/IMF economic reform program. Growing balance of payments difficulties, a debt service ratio among the highest in the world, and requirements for increased investment led the GPRM to begin a series of consultations with the IMF and the World Bank to reform internal economic conditions.

Based on recommendations by the IMF and the World Bank, the GPRM already has undertaken a number of reforms, including currency devaluation to achieve economic recovery. The metical was devalued by 426 percent from 38 to the dollar. For purposes of comparison the parallel market rate at that time was 1600 meticais per dollar and the estimated real value of the metical, based on the purchasing power parity theory was 450 (in rural areas) to 600 (in Maputo) per dollar. Within a month of the devaluation, the parallel rate decrease to 1100 meticais per dollar.

After discussions with the World Bank on a policy framework, an IMF team arrived in in Maputo mid March to conclude an economic stabilization package with the GPRM. The following is an outline of reforms suggested by the IMF, which are expected to be included in the economic rehabilitation program:

- a phased devaluation of the metical;
- a lower rate of monetary growth to controlled emission levels;
- reduction of the current government fiscal deficit over a period of several years; and
- liberalization of economic activity, to encourage exports and repayment of foreign debt.

The reforms can be analyzed in terms of their two main policy components. The essence of the reforms is to reestablish a real economic value for the metical as a means of exchange and to enhance economic efficiency by liberalizing the economy. The GPRM's agreement with the IMF on an economic stabilization

program and an overall policy framework will facilitate the rescheduling of foreign debt and increased flows of concessionary credit.

There are several reasons why the metical effectively has ceased to perform most of the functions of money. Exchangeability has been thwarted by the lack of goods, fixed prices, and official exchange rates well below the true value of the currency. Consequently, much exchange occurs on the parallel market at prices well above the official ones, through illicit hard currency retention and purchases, or by means of barter for goods or services.

The metical's function as a store of value has been impeded by the rapid emission of meticais and fixed low interest rates. This has widened the difference between official and effective prices at which goods can be obtained leading to a de facto inflation and devaluation of the real purchasing power of the metical.

The IMF proposals address the reestablishment of the metical as a working currency in three ways:

- by requiring the GPRM to reduce its budget deficit until the budget is balanced;
- by limiting monetary emission to fixed limits consistent with economic growth; and
- by reestablishing proper price and exchange relationships.

The IMF's recommendations are a very positive step toward the reestablishment of a working Mozambican currency. While technically correct, the reforms are a long term measure for making the metical a working currency. A period of several years of stable prices, balanced government budgets, and the ability to procure goods will be necessary before individuals have sufficient confidence to retain their savings in meticais. Only at that point will the parallel market activity disappear because its costs will be greater than government taxes and regulation.

Much of the economic activity in Mozambique occurs in the parallel market in terms of either money or barter. The reforms undertaken will have an inflationary effect in the official market, while on the parallel market the overall effect will be deflationary given the size of the market and the gradual merging of the two markets into one. The pace and magnitude of the deflation will depend, in large part, on credit constraints, money supply contraction, and budget austerity.

The attempt to enhance economic efficiency by liberalizing economic forces has been encouraged by the IMF, World Bank, and AID. Reforms have been incremental and cautious, but have moved

steadily forward, as demonstrated by the recent devaluation and price increases. Although most donors have focused on devaluation, the foreign exchange retention scheme, in the short run, may be the most substantial reform already undertaken to increase production. Because the metical will remain a currency of limited value for the foreseeable future, allowing firms to retain foreign exchange while taxing those earnings will be a big inducement to production and investment in Mozambique. Much production is likely to be recycled from the parallel market to the legal economy and become a source of government revenue. This is most likely to continue to be the case throughout the fourth phase of the CIP.

III. COMMODITY IMPORT PROGRAM PHASE IV

A. Program Purpose and Scope.

The FY 1987 program is the fourth and final phase in a successful CIP in Mozambique. The proposed funding for the program is \$9.835 million from the Economic Support Fund.

The purpose of CIP IV is to continue support to the private agricultural sector to increase food production and to improve its distribution and availability in the Maputo market. This will be achieved through providing foreign exchange for productive inputs needed by private commercial, family and cooperative farmers in target geographic areas and selected private industrial enterprises manufacturing agricultural inputs. The CIP supports the economic policy reform program begun by the GPRM, enables the private sector to demonstrate contributions towards economic recovery and food production, and encourages further movement toward a market economy.

B. Program Description.

The FY 1987 CIP will continue the basic program, with minor revisions in the commodity list, as outlined in the Phase III PAAD: the provision of foreign exchange to import agricultural equipment and inputs essential to increase farm production in the target areas, and, where appropriate, raw material to produce inputs locally. Private sector producers (commercial, cooperative and family farmers) will continue to receive the commodities imported under the CIP.

The program will again concentrate support in the three regions assisted by the FY 1986 program, namely the market areas around Chokwe and Xai-Xai and all of Maputo Province especially the peri-urban Green Zones and the districts of Marracuene and Manhiça just north of the capital. These are areas of great potential, and the demand requirements are still very high compared to the supply. Assistance will not be provided to state farms or irrigation schemes, or government entities.

1. CIP Target Areas.

a. Chokwe Region.

First, CIP IV will continue to aid the farmers in Chokwe. There are approximately 125,000 residents (25,000 families) in the area. This is an impressive irrigated area with over 30,000 hectares in furrow irrigation. It produces substantial surpluses in vegetables, rice and maize.

After independence and the fleeing of many Portuguese, the state took over most of the abandoned irrigated land in Chokwe and developed large state farms with socialist bloc help. Production on state farms has been below expectations, with the output returning less than the cost of inputs. Consequently, the government has broken up some of these farms and is transferring the land and some equipment to family farmers, cooperatives and commercial farmers.

AID commodity assistance has helped and will continue to assist the private sector to reestablish itself in this area, to increase both the area under cultivation and the overall production. Production of vegetables and rice have increased since the start of the CIP. The estimate for 1987 production of rice is an increase of more than 60 percent over the 1986 level. The Chokwe Coordination Unit has extension agents who work full-time providing assistance only to private sector farmers. The unit again will have responsibility for coordinating the distribution, allocation and sale of CIP-financed inputs.

b. Xai-Xai Region.

The second target region consists of four districts in the area of Xai-Xai, the provincial capital of Gaza, located around the mouth of the Limpopo River. In this region, family and commercial farmers are spread out over a much larger area than in Chokwe. The soil is of a heavy clay type which is much more difficult to farm. The level of agricultural production in the Xai-Xai region is more basic than in Chokwe. There is less land being irrigated, and much of the irrigation infrastructure is in disrepair.

The commercial farming sector is relatively small, although the GPRM has ceded unproductive state farm land to commercial farmers to use. Over 2,500 hectares of state farm land have been given to private farmers, mainly family farmers, for their use. The AID-financed inputs are in great demand by family and commercial farmers to increase their level of production. To supply these requirements, CIP-financed seeds, fertilizer, tractors and transport equipment will go into this area.

c. Maputo Province.

The CIP is providing inputs in Maputo Province, especially the areas of Marracuene and Manhiça north of Maputo and the Green Zones around Maputo. For Marracuene and Manhiça, a relatively small, but well-organized, group of commercial farmers will be the principal beneficiaries. They have made intensive use of the AID-financed equipment under previous CIPs, and the drought emergency assistance programs and additional commodities are needed to enable them to market more vegetables and cereals in Maputo.

The Green Zones around Maputo will receive substantial assistance since they are very productive areas and the need is great for small-scale equipment such as small trucks and motorcultivators. The Green Zones is comprised of 12,400 family farms with 6,200 hectares, followed by 300 private commercial farms with 4,500 hectares, and 10,000 members of cooperatives farming 1,200 hectares. The CIP has been the major supplier of inputs in the Green Zones with seeds, fertilizer, equipment and tools. The CIP provides also seeds and other basic inputs to a substantial number of family farmers throughout Maputo Province.

2. Proposed Commodities.

The most serious problem for private sector farmers has been that few, if any, production resources, such as equipment, spare parts, seeds, and fertilizer, have been available. Much of the agricultural equipment and many of the trucks (to transport produce) in the private sector were out of service or, because of lack of maintenance, at the end of their effective life span. There were shortages of basic tools and seeds for all private sector farmers. In the family farm sector, basic requirements for subsistence production, such as seeds, were in very short supply or not available.

Similarly, private agriculture-related industries (food processing and agricultural input production) were operating at fractions of their installed capacity because of lack of imported raw materials, shortages of spare parts and loss of both skilled workers and professional management.

The overall demand for agricultural equipment and inputs, especially by private farmers eager to capitalize on the higher prices of vegetables and to use the land ceded to them still far exceeds supply. The AID program is one of the few sources of agricultural inputs and equipment for private sector farmers in the targeted regions. The commodities imported under the FY 1984, FY 1985 and FY 1986 programs are making a difference, but will fall far short of meeting the needs even within the specific target regions.

Based on the previous CIPs' experience, the overall commodity list for the CIP IV program (Annex D) concentrates on providing agricultural inputs, including seeds, fertilizers, and other supplies needed by the family farm sector, irrigation pumps, and farm-to-market transport to private farmers. The program again will finance fuel for CIP-purchased equipment and for private transporters of agricultural produce. Spare parts for on-farm equipment and trucks will be imported to maintain the equipment financed by CIP I, II, and III. The CIP provides more funds for raw materials for local manufacture to increase the value-added element of the imports. Also, systemic constraints to increasing agricultural production, such as transport, are being addressed through the mix of commodities and by targeting the ultimate end-users.

A comparison of commodities under CIPs I, II, III and IV, showing percentage of funds allocated to each type of commodity, is provided in Annex E.

Officials from the Ministry of Agriculture (MOA) developed a commodity list for the FY 1987 CIP based on reported continued requirements from the three target regions and on the mix of commodities from the previous CIPs. MOA officials and the PAAD design team jointly modified the original list, on both technical and programmatic grounds.

Greater utilization of private sector traders and, where possible, transporters will be an important objective of the FY 1987 program. The AAO/Maputo will encourage the use of private firms for the importation of commodities as a first course of action, when firms which have established importation capacity can be identified. Two private firms will handle the purchase, distribution and sale of tractor parts to commercial farmers. Truck spare parts will also be sold by private dealers. In the target areas where private traders exist, they will handle local distribution and sale of items such as hand tools, some seeds and roof sheeting. In areas where traders do not operate and are unwilling to initiate operations, and for larger items, government institutions -- such as AGRICOM (for some seeds, hand tools and other small items), BOROR (for fertilizer) and the MOA itself -- will effect distribution and sale.

The GPRM has requested that AID supply the commodities in time for the start of the September/October growing season. Although the planned obligation of the FY 1987 CIP is now late March 1987, many of the items should arrive in time since most items to be procured are the same for the FY 1986 CIP.

The following is an illustrative breakdown by type of commodity and the proposed budget. All commodities will be distributed to private farmers in the target regions. Also, a proposed allocation for the manufacture of agriculture-related supplies is provided.

1. Basic agricultural inputs and small equipment, including seeds, fertilizers, and knapsack sprayers (\$3,090,000);
2. Heavy farm equipment, including tractors, motorcultivators and implements (\$1,205,000);
3. Transport equipment, including trucks (\$1,660,000), motorcycles and bicycles (\$250,000);
4. Diesel and lubricants (\$1,000,000) primarily for owners of AID-financed equipment, then for farmers with equipment in the CIP target areas, and lastly for private sector transporters of agricultural produce working in the target areas;

5. Spare parts for tractor and trucks (\$625,000) to maintain the equipment which has been imported under the previous CIPs, and to provide private sector dealers enough spare parts to repair existing tractors and small trucks owned by private farmers.

(An estimated 90 percent of the privately owned tractors are made by either Ford or Massey Ferguson. Based on interviews with farmers and the local Ford and Massey Ferguson dealers, private farmers are increasingly aware of the availability of the AID-financed spare parts and are bringing in old tractors for repair. However, the farmers themselves continue to use the market (cost of repairing the tractor) to determine if they should repair or discard their old tractors.)

6. Irrigation equipment (\$500,000). CIP IV will finance pumps of 8 to 12 inches in the Xai-Xai and Chokwe market areas only.

In the development of the final commodities list, of particular concern was the technical specifications for irrigation pumps. The specifications proposed by the GPRM were for two small sizes -- 2 and 2 1/2 inches. The AAO/Maputo questioned whether this was an efficient allocation of CIP resources.

After field trips to the Maputo Green Zones and irrigation schemes in Xai-Xai and Chokwe, the design team recommends that the CIP finance large pumps of 8 to 12 inches for the Xai-Xai and Chokwe areas. This recommendation is based on the size of irrigated farm areas and the soil type, which require large pumps for efficient water transmission. The Secretary of State for Agricultural Hydraulics has developed technical specifications in accordance with the design team's recommendations.

For the Maputo Green Zones only, the team recommends small pumps of 2 to 3 inches. The small pumps which still remain to be distributed from CIP I and II should be adequate to meet the Green Zones' need for the coming year.

7. Raw materials for the local manufacture of agriculture-related supplies such as irrigation pipes, truck and tractor batteries, tires, rubber boots, meshing, and corrugated roofing sheets (\$1,515,000).

Some \$240,000 will be expended for raw materials for the production of irrigation pipes, hoses and rubber boots by the private firm of Fábrica Continental de Borracha, SARL (FACOBOL). \$220,000 worth of raw materials was imported by FACOBOL under the FY 1986 program. The plant is fully operational and the raw materials under the FY 1987 program will assist the plant to continue to manufacture the vitally needed supplies.

A private battery manufacturer, TUDOR, will import \$150,000 of raw materials, rubber, lead ingots and separators (a PVC material), to manufacture truck and tractor batteries. This is the same level of support provided under CIP III. The firm will sell the batteries through its normal distribution channel, but only to private sector farmers in the three target regions.

The FY 1987 CIP will include \$400,000 for the importation of galvanized zinc sheets for a private company, IMA, to manufacture corrugated roofing which is not available in the rural areas. IMA had received \$500,000 of commodity inputs under the FY 1986 program.

MABOR, the local General Tire affiliate in Mozambique, will receive \$500,000 to import raw material for tire manufacture. General Tire continues to provide an advisory team to assist in plant operation. MABOR has good management and equipment but lacks raw materials. This year's allocation is half the amount MABOR received under CIP III. This decrease is a result of a reallocation of resources based on a joint GPRM and AAO/Maputo technical assessment of needs under CIP IV.

Mesh and wire in the amount of \$150,000 will be provided for the first time under the CIP to Empresa Metalurgica do Moçambique (EMM), a private enterprise, to manufacture fence meshing. The design team visited EMM and found the plant to be in good working condition and the management to be satisfactory. EMM produces toothpaste tubes, small products packaging and mosquito netting for export and nails and meshing for domestic consumption. The French Caisse Central finances the manufacture of barbed wire for a Caisse Central livestock project. The company currently is receiving a foreign exchange allocation from the GPRM to produce meshing and nails for distribution by the parastatal DIMAC. Questions were raised concerning the domestic distribution of the CIP-financed goods, since EMM currently

distributes through a parastatal. The AAO/Maputo is requiring EMM to submit a distribution plan of the factory output, including identification of a private sector distributor, before actually allocating the foreign exchange.

8. Containers for storage and transport of vegetables. (\$75,000). There is a critical shortage of these low-cost containers, and estimates are that transport losses of up to 50 percent occur with vegetables when transported without containers. Local private firms are not able to manufacture appropriate containers because they do not have the necessary molds.

As in the FY 1984, FY 1985 and FY 1986 CIPs, the specifications for the commodities are suitable for the changing conditions and technology in Mozambique.

C. Program and Policy Issues.

A number of program and policy issues were identified in the development of the PAIP for the FY 1987 CIP. These were issues which had been raised by AID/W in the development of previous CIPs, and therefore were examined thoroughly during the most recent evaluation of CIP II and during the PAIP design for the FY 1987 CIP.

These issues are:

- US/GPRM policy dialogue and framework;
- the pricing and allocation of CIP-financed commodities;
- use of the private sector; and
- the programming of local currency.

1. US/GPRM Policy Dialogue and Framework.

Since the inception of U.S. development assistance in Mozambique, the U.S. has been the only bilateral donor actively engaged in specific policy dialogue with the GPRM at the highest levels. Also, the U.S. is the only bilateral donor providing assistance specifically to revitalize and expand the role of the private sector in development in Mozambique. Hence, the CIP has played an integral role in the economic reform process in Mozambique.

Since its inception, the CIP was intended to encourage and support the GPRM's continuing efforts toward restructuring its economy, initiated by its 1983 Economic and Social Directives. Specifically, the CIP has assisted the GPRM to undertake such reforms as price liberalization for vegetables and to begin to adjust the valuation of the metical toward its estimated market value by applying a surcharge to CIP-financed goods. U.S.

policy dialogue with the GPRM and its assistance through the CIP has encouraged and facilitated GPRM discussions with the IMF and World Bank on such issues as broad-scale price liberalization, currency devaluation, and a greater market allocation of resources.

As discussed in Section I.A., the GPRM recently is implementing a series of reforms in preparation for final negotiations with the IMF for a structural adjustment program and with the World Bank on a \$50 million line of credit. A formal agreement is expected in April 1987. In the process of garnering greater multilateral and bilateral donor assistance for Mozambique's economic reform program, the World Bank is preparing an agricultural sector paper for presentation at a Donor Consultative Group Meeting which now is scheduled for May 1987.

The recently implemented policy reforms of 1987 represent significant advances toward economic recovery, however, these reforms are partial. Other economic policy changes are appropriate if the GPRM is to encourage greater economic activity and facilitate economic recovery. AAO/Maputo will continue to pursue active discussions with the GPRM as it implements its economic recovery program with the IMF and World Bank.

2. The Pricing and Allocation of CIP-Financed Commodities.

The issues of pricing and the allocation of CIP-financed commodities have been closely linked. According to economic theory, the higher the price the more likely the item will be used effectively. Alternatively, lower prices encourage wasteful uses. In an economy where prices are set in the market in response to supply and demand factors it is assumed that the prices reflect the true value of the resource. Therefore, those who can afford a resource are the ones who will make the most efficient use of that resource.

In Mozambique where the currency is vastly overvalued, market mechanisms are distorted, scarcities of all types exist, and where the possession of purchasing power may be more an indication of acquired rights and privileges than of economic efficiency, the efficient allocation of capital resources based upon a free market pricing system has been deemed impracticable.

a. The Use of a Surcharge.

Pricing of heavy equipment under CIP II and III was augmented by a variable surcharge in local currency to minimize the effects of a vastly overvalued currency. This surcharge varied with the type of equipment and averaged 110 percent during the second and third CIPs and was not applied to recurrent items, such as seeds, fertilizers and handtools.

The GPRM has progressed on achieving market prices for AID-financed goods since the institution of the surcharge. The purchasing power parity value of the metical has been estimated at between 450 and 600 per dollar while the parallel market value hovers between 1100 and 1600. Under CIP I, the effective exchange rate was 42 meticais to one dollar, resulting in prices for capital equipment which were well below the fair market value. With the application of the surcharge for CIPs II and III, prices increased, reflecting an effective exchange rate of between 80 and 120.

To encourage continued progress in this area, a recommendation was made in the CIP II evaluation to increase the surcharge by an additional 20 to 30 percent for CIP IV, in the event the metical was not devalued by more than 140 percent. The recently announced 426 percent devaluation of the metical will result in prices for CIP goods which are four times the amount charged for goods under CIP I and two times for goods under CIP II and III. Also, since the devaluation will effect the prices of all CIP-financed goods, the differential in the pricing of capital and recurrent items will be eliminated.

While the devaluation represents significant progress toward bringing prices closer to the estimated market value of the metical, it still falls short of the ultimate objective and therefore, greater reform is required. The GPRM expects to make periodic currency devaluations in the future which should bring prices for all goods closer to what has been estimated as the real value. Therefore, in view of the GPRM's continued progress on pricing, AAO/Maputo does not anticipate applying the surcharge to goods under CIP IV.

b. Allocation of CIP-Financed Equipment.

The system of administrative allocation of capital equipment as implemented by the GPRM, is appropriate at this time, given the scarcity of inputs available to the agricultural sector and the distortions in the market allocation mechanism. The GPRM present system of allocation is based on articulated criteria which identify those private sector producers who can make the most use of capital equipment and other inputs to increase agricultural production. These producers are identified through their annual production plans which are submitted to the regional agricultural offices. Evaluation findings have verified that CIP inputs and machinery are reaching these producers. Fears of diversion over the border or resales proved unfounded; all equipment has remained with the original owners who are using it productively.

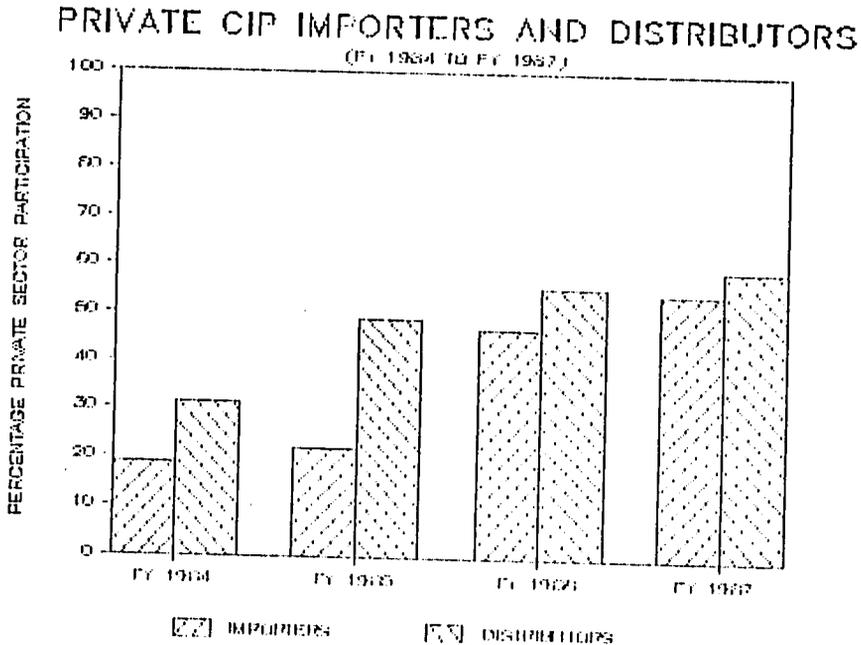
The application of the surcharge has raised the prices of the scarce CIP resources, although modestly, and has placed the allocation of equipment closer to market prices. Those who can not afford the equipment at higher prices would not be considered as a qualified purchaser. This reduces the pool of

potential purchasers among which the GPRM must allocate. Further devaluations and other monetary and fiscal changes should result in reduced market distortions and less GPRM control of commodity allocation.

3. Private Sector Participation.

The dominance of the state in almost all sectors of the Mozambican economy had raised concerns about the participation of the private sector in AID's assistance program to Mozambique. In accordance with the objectives of the Private Sector Rehabilitation Program, the AAO/Maputo has continually encouraged and the GPRM has agreed to the participation of private sector firms in the importation, distribution and sale of CIP inputs, where such firms exist. Consequently, the participation of private firms in all CIP transactions has increased between 50 and 150 percent since the program's inception.

Graph 3.



Annex F details private sector participation for CIP I, II, III and IV.

4. Local Currency Utilization.

Counterpart funds have been generated by the CIP in Mozambique since 1985 and deposited in a Special Account (and Trust Fund account for administrative use by the AAO/Maputo) at the People's Development Bank (Section IV.I. provides the status of these accounts). The special local currency account is controlled by the Ministry of Finance, and disbursements are approved in advance by the AAO/Maputo. To date, these funds have not been programmed for development purposes and no disbursements have occurred.

The deterioration of the Mozambican economy in recent years, the liberal credit policies adopted by the GPRM during the late 70s and early 80s, and the overvalued exchange rate have rendered the Mozambican currency virtually valueless. The overabundance and the low demand for the metical have created difficulties in the programming of the counterpart funds generated by AID programs.

The implementation of an economic reform package developed in consultation with the IMF and the World Bank started in January 1987. The metical was devalued by 426 percent, and other reforms regarding prices, taxes, credit and salaries are being implemented. Under the economic recovery program, a significant reduction of the money supply and a consequent increase of the purchasing power of the metical is anticipated. In accordance with the economic reform objectives, the IMF has recommended "sterilizing" or blocking the local currency account in order to eliminate excess liquidity in the economy.

The AAO/Maputo has requested a local currency study (to be performed through an IQC firm) to conduct an accounting of the counterpart funds generated through the AID-funded programs (including P.L. 480), review the management procedures, and prepare recommendations regarding the possible uses in the context of the ongoing economic reform program. AID/W has determined that, after the local currency study is completed, it will undertake a thorough review of this issue to select among derived alternative uses, among which would be blocking the account until a future date. Counterpart funds generated through AID-funded programs will be programmed only after this careful analysis and thorough vetting of the issue in AID/W.

The three-week study will be conducted by a financial analyst and a macroeconomist and is scheduled to start by April 1987. Its scope of work includes the following:

- Determination of the total local currency generated by all programs (P.L. 480 as well as CIP) and the amount deposited into the Special Account

- Review of the GPRM local currency accounting/management procedures and specific recommendations for improvement of the management of counterpart funds.
- Review of the counterpart funds management capabilities of the Ministry of Finance (as well as other GPRM ministries and agencies handling counterpart funds) and preparation of specific recommendations regarding staffing needs, management improvements, and basic fiscal control systems.
- Preparation of an economic analysis regarding the utilization of the AID-generated local currency. The analysis will take into consideration the restrictions of the IMF/World Bank economic reform program, and identify the specific programs to which counterpart funds should be allocated in the short term.

In the event that AAO/Maputo and AID/W jointly agree to programming the local currency generations after a review of the local currency study, at least 75 percent of the local currency generated by the CIP will be programmed for development purposes (within AID priority sectors). Programming will be in accordance with procedures developed and agreed upon by the Ministry of Finance and the AAO/Maputo.

Three and one-half percent of the local currency generated under the CIP will be allocated to the AAO/Maputo Trust Fund to help defray its local operational costs. The results of the Local Currency Study will not impact on the use of the Trust Fund. A detailed local currency management plan will be prepared following the completion of the local currency study and included in the next Annual Budget Submission.

IV. IMPLEMENTATION OF THE COMMODITY IMPORT PROGRAM

A. Responsibilities.

1. List of Commodities.

The Ministry of Agriculture, in conjunction with the Coordinator of United States Assistance at the Bank of Mozambique, and representatives from the Ministries of Commerce, International Cooperation and Plan, will have submitted a list of commodities to be financed, within the Provinces of Maputo and Gaza, for AID approval prior to the completion of the PAAD.

2. Designation of Importers and Distributors.

Since independence, there have been traditional parastatal importers for specific categories of commodities. During the CIP II, the AAO/Maputo worked with the designated importers, such as Intermecano for tractors, trucks and agricultural equipment; and Interquimica for seeds and fertilizers. However, with the implementation of each successive cycle, AID is encouraging more extensive use of the private sector, both in importation and distribution of the inputs.

Over the past three cycles there has been, in fact, a transformation from the traditional methods. Intermecano now acts as a "Procurement Unit" for the vehicles and agricultural equipment financed by AID. Once an award is made to a supplier for equipment financed by AID, if a private sector firm in Maputo is the dealer for the product, it then becomes the importer and distributor of the equipment. If there is no private sector firm representing the brand, then Intermecano, the traditional importer, is designated as the importer for the AID-financed commodities.

An example of the expanded use of the private sector for importing has been Entrepoto as the representative for Massey Ferguson tractors. For types of equipment and materials that do not have, or do not require, dealer representation in Mozambique, the Ministry of Agriculture has made an effort to involve private sector firms in the distribution process.

For raw materials, which all go to private sector factories, the factory, itself, is designated as the importer. The managers of the factories that receive allocations from AID have had much experience in the importation of raw materials, know exactly what is needed for production, and are able to finalize the specifications in a timely manner.

3. Specifications and Requests for Quotations.

The designated importer is responsible for the finalization of specifications, and obtains the clearance of the Ministry of Agriculture. AID reviews the specifications for non-restrictiveness, and finalizes the terms and conditions.

The RFQ is usually sent to various potential suppliers, located in several countries, by telex. AAO/Maputo compiles the roster of potential suppliers from lists, developed by the designated Mozambican importers, of firms having conducted business in Mozambique in the past. This list is amended continually, as more firms send representatives to Mozambique to explore business opportunities with AAO/Maputo and the designated importer. In addition, firms from the United States have either contacted the AAO/Maputo directly, or have been referred to the AAO/Maputo by the M/SER/OP in AID/Washington. One recent successful example of this was Cal-Seed, who supplied vegetable seeds for the March 1987 planting season. In addition, commercial representatives of various embassies, especially the Zimbabwean and French, periodically call on the AAO/Maputo for the latest bidding opportunities.

Potential suppliers send their quotations by telex to both the importer or procurement unit, and to AAO/Maputo to ensure compliance with the established deadline. This guards against the potential breakdown and lack of communication should the importer's telex be out of order at a critical point, which can and does happen frequently in Maputo.

4. Evaluation of Offers.

The quotes are compiled on a spreadsheet, and a meeting of the technical committee is called to make an award. This committee is made up of representatives of the importer or procurement unit, the Ministry of Agriculture, Ministry of Commerce, and AID.

In general, the criteria for determining an award are

- (1) that the equipment is represented by an authorized, capable dealer in Maputo,
- (2) that the specifications are met, and
- (3) the lowest price.

5. Award and Issuance of Direct Letters of Commitment.

Once an award is determined, the importer solicits a final pro forma via telex. AID then prepares a "Concurrence of Award" letter for the Bank of Mozambique. The importer submits to the

Bank of Mozambique an import license, approval of freight rate from MOCARGO, the GPRM's freight agent, and a letter advising the Bank of the local currency account to block for the local currency equivalent of the transaction. The Bank then indicates the Bank transaction number on AID's letter of concurrence, and returns a copy to AID. AID then requests the issuance of the direct letter of commitment by cable to AID/W, to obtain the DRA (Disbursing Request Authorization), and the Controller, USAID/Swaziland then issues the direct letter of commitment.

B. Applicable AID Regulations and Procurement Procedures.

AID Regulation One is applicable to all transactions financed by the Grant. The AAO/Maputo has a stock of this publication in three languages: English for South African, Swazi and Zimbabwean suppliers; Spanish for Portuguese speakers; and the French edition has been useful for certain European representatives. In addition, the USAID/Swaziland Controller's office supplies a copy of AID Regulation One (in English) with each issuance of a direct letter of commitment.

Most procurement will follow the competitive negotiated procurement procedures set forth in Section 201.23 of AID Regulation One. AAO/Maputo has considered negotiated procedures (when the authorized AID geographic code is other than 000 [U.S. only]) as a practical approach to procurement in Mozambique. Potential suppliers are located in many countries, and the only practical and reliable way to communicate is by telex. All designated importers have telex machines, as does the AID) Affairs Office, to facilitate responses to suppliers' questions. However, the importer(s) may elect to use the formal competitive bid procedures set forth in Section 201.22 for specific procurements. For the past three phases, formal competitive bidding procedures have been used for fertilizers and corrugated roofing sheets from the United States. AAO/Maputo will select formal competitive bid procedures whenever advantageous.

Formal competitive bid procedures will be used again in the United States for the fertilizer procurement. The final specifications, delivery schedule and marking requirements will be transmitted to AID/W, Office of Procurement, for advertisement to the fertilizer trade. AID/W, in conjunction with the Embassy of the People's Republic of Mozambique in Washington, D.C., will coordinate the distribution of the IFB, the receipt of bids, opening, evaluation and obtain concurrence of award from the importer in Mozambique. This procedure has been followed for the past three CIPs.

Other support from the M/SER/OP will include finalizing requests for publication of AID Procurement Information Bulletins (PIB), through AID's Office of Small and Disadvantaged Business. This mechanism has been used in past programs for such items as components for fabricating truck trailers, raw materials for producing batteries, and corrugated roofing sheets, and for

knapsack sprayers. It is foreseen that this procedure will again be utilized during CIP IV to obtain pricing information for raw materials for the production of irrigation pipes, watering hose, batteries, corrugated roofing sheets, barbed wire and mesh. All of these inputs will be used by private sector factories to produce inputs for the target agricultural population. In addition, the requirement for plastic boxes to transport produce will be advertised in the PIB.

Under Regulation One, Section 201.23(e), Special Importer/Supplier Relations, the CIP will finance the importation of \$500,000 worth of raw materials for MABOR, from General Tire, U.S.A., a part owner of the local firm. For certain private sector imports, specifically spare parts for agricultural equipment, the special supplier-importer relationships will apply, and competitive bidding will not be required.

Special provisions and eligibility criteria for certain commodities, as contained in the AID Commodity Eligibility Listing, Appendix B of AID Handbook 15, will apply to fertilizer, seeds, and some designated raw materials. Specifically, fertilizer specifications have to conform to those contained in the appendix. In addition, a special certification is required for all seed imports, as well as for some other products, as designated in the appendix.

All items included in the Commodity Eligibility Listing will be eligible for financing. Related services, including delivery and insurance policies, are also eligible, provided that these services are from eligible sources.

Transportation costs may be paid for in local currency by the importer, if authorized by the GPRM (not financed under the grant) provided that the insurance policy for the commodities be issued in a freely convertible currency. In addition, if bank letters of credit are used, then all banking charges related to the issuance of letters of credit are to be financed by the Grant.

C. Port Clearance and Inland Transportation.

All target zones are within 100 miles of the Port of Maputo, so all ocean shipments will be off-loaded in Maputo, and then transported by truck or rail to the agricultural zones. In addition, contracting for some commodities, such as bulk seeds, from neighboring countries, may include land transport from country of origin to the designated agricultural areas, either by truck or rail.

D. Commodity Arrival and Distribution.

Port and customs clearances are the responsibility of the importer. Recent experience has shown that this procedure now

requires from one to four weeks, because of the implementation of more documentation requirements by customs officials of the GPRM. The CIP Monitor, upon receipt of shipping documents from the supplier, confirms the estimated delivery date, and alerts the importer, so that the documents required for customs clearance can be submitted in a timely manner.

In most cases, the importer is the distributor or the factory entity itself, in the case of raw materials. In cases where the importer has no distribution network, the Ministry of Agriculture has negotiated with private sector distributors to transport the inputs to the agricultural zones. Inputs produced by the factories involved in the CIP are distributed to the agricultural zones utilizing their normal distribution channels.

The district agricultural offices are responsible for the ultimate distribution of the equipment and inputs, and maintain complete records of all farmers receiving inputs. The high value items, such as trucks and tractors, are allocated by each district director to the most productive farmers, with the goal of increasing food production and distribution, if the equipment is allocated in a prudent manner.

Spare parts for agricultural equipment are imported and stocked by the dealer representative of each brand of equipment. The dealer is required to stock AID-financed spare parts separately from normal stock, and maintain separate records on sales, by farmer's name and vehicle identification number.

Diesel fuel is imported by the only entity authorized to do so, Petromoc, a parastatal. In the distribution plan, however, Petromoc, as well as British Petroleum, are distributing the fuel. Priority allocation, as jointly agreed upon by the MOA and the AAO/Maputo, has been given to farmers who have received AID-financed equipment, such as tractors, trucks, motorcultivators and irrigation pumps. Second priority is to farmers with equipment who are included in AID's target zones and target population. The third priority is made up of private sector transporters working in the target zones to carry produce to market. Each farmer and/or transporter is issued a "credencial", with a stipulated monthly allocation, depending on the type of equipment being utilized.

E. Management and Monitoring of the Commodity Import Program.

The Commodity Management Office is headed by a U. S. Direct Hire Commodity Management Officer, who has been in Maputo since the inception of the bilateral AID program in October 1984, and immediately implemented the first Commodity Import Program. Since the basic commodity list had been finalized by the PAAD team, initial tasks included the introduction of AID's procurement requirements, and how they were to be satisfied, while taking into account the procurement requirements and

constraints of the GPRM as well. On a continuing basis, specifications are reviewed for completeness and non-restrictiveness, and texts of the RFQs are finalized, incorporating all of the clauses required by AID. The CMO then participates in the evaluation of awards, and oversees the routine operations of issuance of financing documents, answers the steady stream of questions about exporting with AID financing, and monitors the progress of awards, importation and distribution, in general. The CMO works closely with her counterparts in the Bank of Mozambique, and the Ministries of Commerce, Agriculture, Plan, International Cooperation and Finance.

The CMO is assisted by the CIP Monitor and the CIP End-Use Field Monitor, whose contracts are financed by the technical assistance grant. The CIP Monitor oversees the importation, clearance, and distribution of the imports and is in constant communication with the importers regarding the expected arrival of shipments, and the arrangements for clearance and distribution of the commodities. In addition, the CIP Monitor makes periodic field visits to verify if adequate distribution has taken place, and that the commodities, in fact, are being utilized by the intended target population.

Due to the GPRM's manpower constraints, the CIP Monitor covers the requirement normally assigned to the host country, in tracking and reporting compliance with cargo preference requirements. This information is reported to the AAO/Maputo on a monthly basis in a document entitled "Shipping Schedule." Also to comply with cargo preference requirements, under the terms of the direct letters of commitments issued to suppliers, each supplier is to submit a copy of the bill of lading to AID/W, Office of Procurement, Transportation Division, which, in turn, submits periodic reports to Congress on worldwide Agency compliance.

The CIP makes a computer printout of all commodity actions and generates monthly reports for distribution to AAO/Maputo, USAID/Swaziland, REDSO/ESA, RIG/II/N, and various offices in AID/W. Often, the monthly reports will include newspaper articles, if there has been press coverage, with English translations. A sample of the types of reports generated is contained in Annex G.

The CIP End-Use Field Monitor, hired in 1986, has developed, in conjunction with the regional economist of USAID/Swaziland, an evaluation system to determine the impact of the CIP-financed agricultural inputs on the crop production levels in the target zones. The field monitor travels extensively to determine first hand the extent to which AID-financed commodities are visible and properly utilized. The field monitor has developed computer based data banks to evaluate this information, and recommends to the AAO/Maputo staff possible changes in the commodity mix

to improve production. Furthermore, he has developed a model to track trends in availability and prices of produce in the markets.

The MOA and AAO/Maputo maintain complete records of capital equipment, such as tractors, trucks, irrigation pump sets and motorcultivators. The GPRM is responsible for ensuring that all procurement records are kept by the importers and distributors for a minimum period of three years, as required by the language of the Grant Agreement.

The documentation prepared and maintained by the CIP Monitors has been reviewed by Agricultural Development Officers and CMO from AID/Washington and REDSO/ESA during the evaluations for the first and second phases, (601 and 601A). All who have utilized the records have found them to be well organized, complete and informative.

F. Disbursement Period.

All evaluation and award actions are expected to be completed within eighteen months of the signing of the Grant Agreement. The terminal disbursement date will be established at twenty four months after the date of the Grant Agreement.

The Controller, USAID/Swaziland, has had responsibility for the issuance of L/COMs for the financing of the commodities for the past two cycles. This has eliminated the delays which were associated with the issuance to suppliers of a Bank Letter of Credit in the U.S.. However, due to the short lead time between the issuance of the RFQs and the actual receipt of the L/COM by the supplier, the Controller has had to issue a number of amendments to extend the terminal shipment dates. Many amendments to the L/COMs have been issued, mostly to extend the terminal shipment dates, and, subsequently, the terminal disbursement date. Thus, to reduce the requirements for amendments, a longer shipping period will be authorized in the original L/COM. The CMO will confirm with the supplier at the time that the L/COM is requested the revised shipping date, based on the estimated date that the supplier will actually receive the L/COM.

G. Implementation Schedule.

Based on experience gained during the implementation of the previous three CIPs, the various steps in the procurement process should proceed as follows:

<u>Month</u>	<u>Action/Activity</u>
One	- Grant Agreement Signed - Implementation Letter No. One Issued - Designated Importers Finalize Specifications and Text of Requests for Quotations
Two	- Conditions Precedent Met - Implementation Letter No. Two Issued - AID Approves Text of RFQs - Importers Issue RFQs
Three - Four	- Quotations Evaluated, Awards Made
Four - Five	- First Direct Letters of Commitment Issued
Six - Ten	- First Commodities Arrive at the Port of Maputo and are Distributed

The following timetable for individual procurements have been set to meet the schedule for the use of specific inputs.

Seed procurements will proceed from April 1987 through March 1988, in accordance with planting seasons for each variety of seed.

It is expected that the fertilizer will arrive at the port of Maputo by November, 1987.

Diesel fuel and lubricants will be procured for arrival and implementation of distribution in January, 1988. This date is based on the allocations that were financed under phases II and III.

H. Required Waivers.

When the first CIP was designed in July, 1984, the purpose was to finance an integrated package of agricultural inputs, suitable for experienced farmers already well established in Mozambique, so that the desperately needed inputs could be provided to effect a dramatic increase in food production and availability in the markets. This is exactly what has happened.

In reviewing the needs for the CIP IV, the requirements are still basically the same, as the requirement for a wide variety of inputs is still critical and may not be reduced for a few

more years. Based on this, the composition of the commodity list has not changed significantly, nor has the number of line items diminished, except due to budgetary constraints.

Since the inception of the CIP, a number of source and origin waivers have been required from AID Geographic Code 000 (U.S. only) to Codes 941 (Selected Free World) and 899 (Free World). The justification for the waivers is based on the need for dealer representation in Mozambique to ensure servicing and maintenance, the unavailability of some items from Code 000 and Mozambique's traditional trading patterns. The justification for source/origin waivers is detailed in the text of each waiver in Annex G.

Since the implementation of the first CIP in October, 1984, the AAO/Maputo has encouraged the attainment of "Relatively Least Development Country" (RLDC) status for Mozambique. This would have placed Mozambique on the Relatively Least Developed Country list, as per AID Handbook 15, Chapter 2B2c(1) and as designated by the United Nations, and would have allowed all procurements to be authorized from AID Geographic Code 941.

The AAO/Maputo has worked with the United Nations Development Programme in Maputo to encourage the GPRM to submit the required application and documentation to the United Nations for consideration for this status. The preliminary work was done by a GPRM counterpart, and the information was transmitted to the Ministry of Plan. Unfortunately, it appears that no further action has been taken by the GPRM to pursue this designation.

Therefore, a series of Code 941 source and origin waivers, in addition to some source and origin waivers from Code 899, are required, as follows:

<u>Waiver No.</u>	<u>Code</u>	<u>Description</u>	<u>Value</u>	<u>Authority</u>
1	941	Tractors & Implements	\$1,070,000	AAO/Maputo
2	941	Motorcultivators	\$135,000	AAO/Maputo
3	899	Irrigation Equipment	\$500,000	AAO/Maputo
4	899	Spare Parts for Equipment	\$615,000	AAO/Maputo
5	941	Natural Rubber	\$100,000	AAO/Maputo
6	941	Bicycles	\$200,000	AAO/Maputo
7	899	Diesel Fuel & Lubricants	\$1,000,000	AAO/Maputo
8	899	Seeds	\$1,420,000	AAO/Maputo

<u>Waiver No.</u>	<u>Code</u>	<u>Description</u>	<u>Value</u>	<u>Authority</u>
9	899	Light Weight Trucks and Motorcycles	\$790,000	World Wide RHD Blanket
		TOTAL	<u>\$5,830,000</u>	

Under Delegation of Authority No. 551, dated December 23, 1986, AAO/Maputo has implementation authority equal to Schedule A Post authority. Therefore, waivers one through eight will be approved in the field, with the technical approval of the RLA/SA and the CMO, subsequent to program authorization.

AAO/Maputo is in the process of requesting waiver approval from AID/W to allow procurement of eight-ton trucks (\$950,000) from sources other than Code 000 (U.S. only).

The Director, M/SER/OP, AID/Washington, has the authority to approve a Code 941 shipping and insurance waiver, per AID Handbook 1, Supplement B, Chapter 7. AAO/Maputo will request approval for individual source/origin shipping waivers, as required, as per M/SER/OP guidance. M/SER/OP is currently reviewing AAO/Maputo's request for an insurance waiver for Code 941.

Copies of the waivers one through eight to be approved to be approved by AAO/Maputo are attached as Annex H. The text of the cable for a source/origin waiver for the eight-ton trucks for AID/W approval is included in Annex H. AID/W approval for the eight-ton truck waiver and the World-Wide RHD Blanket waiver, STATE 089190, is attached as Annex L.

I. Local Currency Generation.

1. Counterpart and Trust Fund Deposits.

The Financial Analyst and the Regional Controller, USAID/Swaziland, evaluated the status of the local currency accounts during the development of the PAAD for CIP IV. Based on the information at their disposal, the PAAD design team concluded that the Ministry of Finance's mechanism for assessing, monitoring and collecting deposits from importers and retailers of goods procured under CIP has been satisfactory for the most part.

The update of local currency deposits, namely the Special Account and the Trust Fund, continues to be carried out on a periodic basis. The reconciliation of bank statements with records kept by the Bank of Mozambique and the Ministry of Finance is done as soon as such statements are received. The way the banking system operates is such that account statements

are sent only periodically, or as soon as the account ledger page is full. However, bank statements for the special accounts are made available upon request. The AAO, through the Ministry of Finance, receives regular statements of the local currency Special Accounts.

The amount of local currency required to be allocated to Trust Fund activities is 3.5 percent of the total amount generated from sales. The remainder is to be used in development programs (at least 75 percent) and other activities to which the GPRM and the AAO/Maputo mutually agree.

The Ministry of Finance monitors the local currency deposits made into the Special Account and the subsequent transfers to the Trust Fund. A surcharge on capital equipment (from 100 and 150 percent of the CIF value) was used on the CIP II and III to bring the selling price closer to the real economic value of the commodities. With the recent devaluation of the metical by 426 percent and expected future periodic devaluations, AAO/Maputo does not anticipate requiring a surcharge for CIP IV.

The Ministry of Finance and the Bank of Mozambique have not identified significant problems or difficulties in connection with billings, delays, defaults and collection of deposits for the FY 1986 program. Under the current procedures, before issuing an L/COM an equivalent value of local currency is blocked from the importer's bank account. The amount due to the special account is transferred immediately after the presentation to the bank of final import documents. At that time, the final calculation of CIF is made before the commodities are released from the port.

In the FY 1984 and 1985 programs, some delays in making deposits for the remaining local currency equivalent were experienced as indicated by accounts receivable listed in the table below. In the FY 1984 program, several of L/COMs were issued by AID/W, which did not include notification to the Bank of Mozambique concerning the importer and the dollar CIF value of the commodities. Therefore, the Bank was unable to block the importer's local account for the metical equivalent of the imports.

The problem of notification has been rectified due to more timely submissions from AID/W. In addition, the USAID/Swaziland Controller now issues L/COMs to almost all suppliers and the Bank of Mozambique blocks the importer's local account at the time the importer places the order. AAO/Maputo will investigate the advantages of using a bank guarantee rather than a blocked account for the FY 1987 program.

Accounts: Local currency generations are held in separate special accounts (one for each CIP) at the People's Development Bank. The Trust Fund is deposited into the U. S. Disbursing Officer/Paris bank account at the Banco Standard Totta. The

USDO has sole access to the account. The AAO/Maputo must keep its own record of deposits while the Controller, USAID/Swaziland, maintains disbursement records.

The status of the local currency account presented in the table below was prepared using the AAO/Maputo's records on local currency deposits and calculating the Trust Fund allocations at 3.5 percent of the deposits. This information was supplemented by statements provided by the Ministry of Finance.

As of December 31, 1986, 678,531,523.95 meticaïs had been deposited into the Special Account of which 15,646,314.10 had been allocated to the Trust Fund. The Trust Fund allocation closely approximates the rate of two percent for CIP I and 3.5 percent for subsequent programs.

In the following tables, the term "Sales" indicates the estimated amount of local currency to be generated from the sales of the CIP goods (exclusive of surcharge). The term "Deposited (Receipts)" indicates the amount which has been deposited into the account, and "Accounts Receivable," the estimated amount still due for deposit from the sales.

Table 7.

STATUS OF LOCAL CURRENCY ACCOUNTS
AS OF DECEMBER 31, 1986
(in meticaïs)

	<u>Special Account</u>	<u>Trust Fund</u>
CIP I - FY 1984:		
Sales	254,200,286.16	5,084,003.78
Deposited (Receipts)	245,045,656.95	4,900,911.20
Accounts Receivable	9,154,629.21	184,092.58
CIP II - FY 1985:		
Sales	335,515,188.33	18,743,031.00
Deposited (Receipts)	307,811,524.00	10,745,402.90
Accounts Receivable	227,703,664.33*	7,997,628.10
Surcharge Deposits		
Sales	205,589,244.44	
Deposited (Receipts)	125,674,343.00	(Preliminary)
Accounts Receivable	79,914,901.44	

* adjusted to reflect recent devaluation of the metical.

Table 8.

	<u>CUMULATIVE TOTAL DEPOSITS FOR</u> <u>CIP I, II AND SURCHARGE</u> (in meticals)	
	<u>Special Account</u>	<u>Trust Fund</u>
CIP I (FY84)	245,045,656.95	4,900,911.20
CIP II (FY85)	307,811,524.00	10,745,402.90
Surcharge	<u>125,674,343.00</u>	<u>-0-</u>
Cumulative Totals	678,531,523.95	15,646,314.10

2. Procedures and Use of Funds for CIP IV.

The AAO/Maputo will maintain the same procedures utilized under CIP III. Proceeds from the sale of items financed by the CIP will be deposited in a Special Account in a bank agreeable to both AID and the GPRM. The Bank of Mozambique will block the importer's account at the time the importer places the order. A quarterly review of accounts will be made by the parties to take into consideration the other charges that might accrue to the actual C.I.F. amount. If an importer is due a refund, he/she will apply to the Bank of Mozambique who will then authorize the Ministry of Finance to issue a check for the refund, and the Special Account will be adjusted accordingly.

Again, 3.5 percent of the local currency generated will be deposited into a Trust Fund for local costs of operating the AID program in Mozambique. The Ministry of Finance will continue to issue checks on a periodic basis, as agreed by AID, directly to the AAO/Maputo for deposit into the Trust Fund.

The Controller, USAID/Swaziland, has reviewed the AAO/Maputo's actual and projected local expenditures and disbursements from the Trust Fund and has determined that the allocation of 3.5 percent of the local currency generations is sufficient to meet the AAO/Maputo's needs. Additionally, a new Trust Fund Agreement is being negotiated with the GPRM to expand the list of local costs which can be paid in meticals.

The FY 1986 Authorization legislation contains a specific restriction concerning the use of local currencies generated by CIPs in Africa. At least 75 percent of the local currency generated from the sale (thus including the surcharge) of AID-financed imports must be used for purposes consistent with regular development assistance. To satisfy this requirement, the AAO/Maputo will not approve the use of more than 25 percent of total local currency generations for purposes other than development related activities.

J. Evaluations.

Evaluations have been completed for the FY 1984 and 1985 CIPs. The next evaluation, to cover the FY 1986 CIP (601B) is scheduled for October, 1987, or approximately sixteen months after initial obligation. The evaluation team will deal with a series of issues relevant to the next program, with new emphasis on possible modifications to the allocation system now practiced by the GPRM with respect to AID-financed equipment, elements of the commodity mix, and production response. By the time the evaluation is scheduled, three phases will have been completed, with the fourth phase well into implementation.

The evaluation for this fourth phase will be scheduled for August 1988, or about sixteen months after initial obligation of FY 1987 funds.

V. COMPLIANCE WITH LEGISLATIVE REQUIREMENTS

The FY 1987 Continuing Resolution, the Comprehensive Anti-Apartheid Act of 1986 and other legislation contain language which relates directly to the Mozambique FY 1987 CIP. This section briefly delineates how the planned CIP will comply with these legislative mandates.

A. Legislative Criteria For Africa CIPs.

Section 801(a) of the International Security and Development Cooperation Act of 1985 ("ISDCA") requires that AID financed imports under the FY 1986 and 1987 CIPs in Africa be used to meet long-term development needs in those countries in accordance with prescribed criteria. The AAO/Maputo and the RLA/SA have determined that the planned FY 1987 CIP meets all of the legislative criteria set forth in Section 801(a).

The Section 801(a) criteria are as follows:

- (1) "Spare parts and other imports shall be allocated on the basis of evaluations, by the agency primarily responsible for administering part I of that Act, of the ability of likely recipients to use such spare parts and imports in a maximally productive, employment generating, and cost effective way."

Evaluations by AID of the FY 1984 and FY 1985 CIPs indicate that the imports of spare parts, farm equipment and other agricultural inputs are being used by the recipient small family and commercial private farmers in a productive, cost effective and employment generating manner. Most of these farmers have not had any new equipment or spare parts for ten years and the evaluations and other available evidence suggest that they are using their best efforts to efficiently and effectively utilize the new equipment and spare parts imported under the CIPs. Although evaluation of the FY 1986 CIP will not occur until at least the latter part of 1987, preliminary observations indicate that the imported commodities are and will be used in a similarly productive manner.

Finally, the results of the recent November/December 1986 evaluation of the FY 1985 CIP and other recent data lead the AAO/Maputo to the conclusion that the targeted recipients of imported commodities under the proposed FY 1987 CIP have the ability, capability and incentive to use such commodities in a productive and cost effective way.

- (2) "Imports shall be coordinated with investments in accordance with the recipient country's plans for promoting economic development. The agency primarily responsible for administering Part I of that Act shall assess such plans to determine whether they will effectively promote economic development."

The GPRM's Economic Action Programs call for greater attention and resources to be directed at the smallholder family and private commercial agricultural sector. The GPRM was directed by the Fourth Party Congress to mobilize resources for the private agricultural sector, guarantee the marketing of agricultural production, and establish producer prices that would provide a real financial return to the farmer. In addition, the focus on the private agricultural sector is reflected by the change in industrial priorities from heavy industry to an emphasis on production of basic consumer goods. The proposed CIP directly supports these policy changes and program emphases of the GPRM which should lead to increased production and national income in the agricultural sector.

- (3) "Emphasis shall be placed on imports for agricultural activities which will expand agricultural production, particularly activities which expand production for export or production to reduce reliance on imported agricultural products."

The proposed CIP includes commodities which will directly expand agricultural production (i.e., agricultural equipment, seeds, fertilizers, hand tools, fuel) as well as some commodities needed by industries producing agriculture-related supplies (tires, boots, PVC irrigation pipes and zinc sheets). A major objective of the FY 1987 CIP is to increase domestic food production in order to meet local demand and reduce reliance on imported food.

- (4) "Emphasis shall also be placed on a distribution of imports having a broad development impact in terms of economic sectors and geographic regions."

The FY 1987 CIP will continue to focus on the agricultural sector and will target the commodities to three geographic areas. The program includes a wide range of agricultural commodities which will assist different types of private farmers. The AAO/Maputo believes that given the critical food needs of Mozambique and its lack of foreign exchange to

purchase food or inputs necessary to produce more food, commodity assistance exclusively in the agricultural sector will have the most leverage for this relatively small CIP. Moreover, the World Bank is implementing a Rehabilitation Program (\$45 million) aimed mainly at the industrial and transport sectors.

- (5) "In order to maximize the likelihood that the imports financed by the United States under such chapter are in addition to imports which would otherwise occur, consideration shall be given to historical patterns of foreign exchange uses."

The GPRM basically has no foreign exchange reserves and with an estimated debt service ratio of 267 percent, it will not have excess foreign exchange for many years. The commodities imported under the AID-financed CIP are literally some of the first such commodities to be made available to the private agricultural sector since Independence in 1975. Thus, since AID is supporting the GPRM shift in support to the private farms and away from the state farms, the historical pattern of foreign exchange uses is important only to show what has failed in the past.

- (6)(A) "Seventy-five percent of the foreign currencies generated by the sale of such imports by the government of the country shall be deposited in a Special Account established by that government and, except as provided in subparagraph (B), shall be available only for use in accordance with the agreement for economic development activities which are consistent with the policy directions of Section 102 of the Foreign Assistance Act of 1961 and which are the types of activities for which assistance may be provided under Sections 103 through 106 of that Act."

All of the local currency generated from the FY 1984, FY 1985 and FY 1986 CIPs has been or will be deposited in a Special Account established by the GPRM, with the exception of a small percentage for the AID administered Trust Fund. The local currency funds generated from the FY 1987 CIP will likewise be deposited into this Special Account. These funds will be allocated to development related activities, especially those that have a high impact on the program's target farmers. Funds are released from the Special Account only for expenditures mutually agreed upon by AID and the GPRM.

- (6)(B) "The agreement shall require that the government of the country make available to the United States Government such portion of the amount deposited in the Special Account as may be

determined by the President to be necessary for requirements of the United States Government.

The GPRM and AID have entered into a Trust Fund Agreement dated August 27, 1985, under which two percent of the local currency generated from the FY 1984 CIP and three and one-half percent from the FY 1985 and FY 1986 CIPs are to be deposited into a Trust Fund to be administered by the AAO/Maputo for payment of administrative expenses of operating the AID program in Mozambique. The Trust Fund Agreement for the FY 1987 CIP will also require that three and one-half percent of the generated local currency be deposited into the AAO/Maputo administered Trust Fund account.

Section 801 requires that

"the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 shall conduct annual evaluations of the extent to which the criteria set forth in this subsection have been met".

Annual evaluations are scheduled for the Commodity Import Programs as a matter of course and the planned evaluations for the FY 1986 and FY 1987 CIPs will include an analysis of the extent to which the above criteria have been met. The evaluations of the FY 1984 and FY 1985 CIPs indicate that the criteria set forth in Section 801 have been met.

B. Restriction on Assistance to Non-Private Sector.

Section 813(a) of the ISDCA requires that ESF funds that are allocated for bilateral assistance to the People's Republic of Mozambique shall be used solely for assistance to the private sector of the economy of Mozambique to the maximum extent practicable. In addition, Section 813(a) states that such funds shall, to the maximum extent practicable, be channeled to non-governmental entities in Mozambique.

The FY 1987 CIP complies with the requirements of Section 813(a). Commodities will be provided solely to private sector end-users and private importers and distributors will be utilized to the maximum extent possible. Some Mozambican parastatals may serve as importers or distributors of various commodities when private importers and distributors for these items do not exist or are unable to provide these services in Mozambique.

C. Requirement for Procurement of U.S. Agricultural Commodities.

Section 205 of the ISDCA requires that at least 18 percent of FY 1987 ESF funds for CIPs be made available for the purchase of agricultural commodities of U.S. origin. As there is no legislative requirement that this provision be implemented on a country by country basis, the FY 1986 ESF funded CIP for Mozambique was not required by AID/W to make any percentage of funds available for U.S. origin agricultural commodities. Similarly, AID/W has exempted the FY 1987 CIP from the requirement of Section 205 per STATE 071518.

D. Requirement for Tied Aid Credit Program.

Section 645 of the Trade and Development Enhancement Act of 1983, Public Law 98-181, requires that ESF grant resources used to finance CIPs be available to establish a tied aid credit program with the grantee. The clauses required to implement this program, as prescribed by AID/W in STATE 175320, will be included in the FY 1987 CIP Grant Agreement.

E. Comprehensive Anti-Apartheid Act of 1986.

The Comprehensive Anti-Apartheid Act of 1986 ("CAAA") was enacted in August 1986. Section 314 of the Act prohibits the United States Government or any agency thereof from entering "into a contract for the procurement of goods or services from parastatal organizations [of South Africa] except for items necessary for diplomatic and consular purposes." Although as a strictly legal matter AID operating expense and program procurements probably fall within the exception for "diplomatic and consular purposes" AID has determined, with certain exceptions, to apply the prohibition of Section 314 to AID-financed procurements. See STATE 48464.

Accordingly, AID-financed goods and services may not be procured from South African parastatals without the prior approval of the AA/AFR. Rail and air transportation and port services from South African parastatals are exempt from the above policy requirement because there is no practical alternative at this time, or, in the case of air transportation, because of the potential volume involved.

It is not anticipated that any AID funds granted to the GPRM under this CIP will be used to procure goods or services from South African parastatals, with the possible exception of railway and air transportation and port services. Therefore, CIP IV will be in full compliance with the CAAA and with AID policy with respect to procurement from South African parastatals.

VI. NEGOTIATING STATUS AND CONDITIONS

A. Negotiations.

The Bank of Mozambique and the MOA have agreed to the private sector and regional targets of the CIP which are basically the same as in Phase III with some minor changes. The application of a surcharge to high value capital equipment to obtain a fair return to capital under that Phase III program has been dropped because of the substantial devaluation of the metical from 40 per U.S. dollar to 200 per U.S. dollar. Therefore, the price of CIP-funded commodities does not appear to be an issue for negotiation under CIP IV. There are no other significant issues remaining to be negotiated. Accordingly, the Grant Agreement should be signed soon after authorization since it is similar in nature and scope to the Grant Agreement for the Phase III program.

B. Conditions Precedent and Covenants.

The standard conditions precedent and covenants will be included in the Grant Agreement. However, because of Congressional restrictions and other program factors, the following conditions precedent and covenants will also be required, in substance:

1. Conditions Precedent.

Prior to any disbursement under the Grant the Grantee will submit to AID, in form and substance satisfactory to AID:

- a. evidence that the commercial sales price established for AID-financed tractors, tractor implements, trucks and other commodities is in accordance with the Agreement of the Parties on prices established under Section 5.9, Pricing of Commodities, and
- b. an executed Trust Fund Agreement between the Grantee and AID for local currency to be made available for administrative uses of the United States under [the program Grant Agreements].

2. Covenants.

- a. End Use Covenant. The Grantee covenants that the commodities imported under this Agreement will be sold or otherwise distributed to the Mozambique private farming sector, including both commercial and small farmers and

cooperatives, or will be sold to private sector agriculture-related concerns, including transporters.

- b. Importers and Distributors. The Grantee and A.I.D. agree that best efforts should be made to increase the involvement of private sector firms in the importation and distribution of commodities financed under this Agreement.
- c. Pricing of Commodities. The Grantee agrees that, unless otherwise agreed by A.I.D. in writing, it will assure, in consultation with A.I.D., that the local sale price for AID-financed tractors, tractor implements, trucks and other commodities reflects the true economic value of the items and generates a fair return to capital.
- d. Special Account. The Grantee agrees that in the event that price increases or surcharges are instituted in order to comply with Section 5.9., Pricing of Commodities, of the Grant Agreement, such amounts generated therefrom will be deposited in the Special Account referred to in Section 5.5.(a), Generation and Use of Local Currency, of this Agreement.
- e. Economic Development Activities. The Grantee agrees that, unless otherwise agreed by A.I.D. in writing,
 - (a) no less than 75 percent of the local currency proceeds required to be deposited into the Special Account will be utilized for mutually agreed upon economic development activities;
 - (b) the balance may be used for these and other mutually agreed upon purposes; and
 - (c) commodities imported under this Agreement will be used to meet long-term development needs, as more fully described in implementation letters.
- f. Private Voluntary Organizations and the Private Sector. The Grantee and A.I.D. agree that funds in the Special Account shall be made available, on a priority basis, to support private voluntary organizations ("PVOs") and the private sector to the extent practicable.

**PRIVATE SECTOR REHABILITATION PROGRAM
PHASE IV
(656-0201C)**

ANNEXES

Agricultural Sector Imports
656-K-601

Commodity	Allotment	Distribution			Importer	Supplier	Country	Value	FR No.	Code	Waiver	L/C Value	Available
		Zonas	Chokwe	Total									
Verdes													
Tractors													
	\$750,000				Intermecano								
Motocultivators, 12-15 HP, diesel		19	0	19	TANBAP/BZ	BZ	\$104,816.75	3	941	3	\$104,816.75	\$84,339.05 Complete	
45HP		0	36	36	Entrepuesto/MF/BZ	BZ	\$364,348.80				\$560,824.20		
85HP		2	0	2	Entrepuesto/MF/BZ	BZ	\$23,333.00						
45HP-50HP		8	10	18	Entrepuesto/MF/BZ	BZ	\$148,996.80						
Loader 80HP		1	0	1	Entrepuesto/MF/BZ	BZ	\$24,045.60						
All awards inc. 20% sp. parts													
Tractor Imps.													
	\$380,000				Intermecano								
Fixed Disc Plow								3	941	3	\$322,004.49	\$57,995.51 Complete	
2disc, 28"		18	0	18	Baldan/BZ	BZ	\$9,101.88						
4disc, 28"		30	40	70	Baldan/BZ	BZ	\$49,749.56						
5disc, 28"		2	0	2	Baldan/BZ	BZ	\$1,824.67						
10% Spare Parts					Baldan/BZ	BZ	\$6,067.61						
Disc Harrows													
Offset, 16 disc, 18"		18	0	18	Baldan/BZ	BZ	\$5,621.80						
10% Spare Parts					Baldan/BZ	BZ	\$562.18						
Offset, 18 disc, 22"		30	40	70	Bain/ZW	ZW	\$49,525.80						
Offset, 20 disc, 20"		2	0	2	Bain/ZW	ZW	\$1,563.87						
10% Spare Parts					Bain/ZW	ZW	\$4,743.00						
Seeders													
2 rows		18	0	18	Entrepuesto/MF/BZ	BZ	\$17,363.97						
3 rows		32	0	32	Entrepuesto/MF/BZ	BZ	\$48,664.87						
3 rows w/fertilizer (inc. 15% Spare Parts)		0	40	40	Entrepuesto/MF/BZ	BZ	\$79,450.43						
Cultivators													
7 blades		18	0	18	Baldan/BZ	BZ	\$3,336.72						
9 blades		30	40	70	Baldan/BZ	BZ	\$16,545.89						
11 blades		2	0	2	Baldan/BZ	BZ	\$533.34						
Hydraulic Rev. Blade (30/50 HP)		0	80	80	Baldan/BZ	BZ	\$27,348.30						
Tractor Sp. Parts													
Ford	\$260,000				Tecn. Industrial	England	UK	\$257,073.66	1	935	4	\$257,073.66	\$2,926.34 Complete
Massey Ferguson	\$475,000				Entrepuesto	England	UK	\$10,088.28				\$469,430.89	\$5,569.11 Complete
						England	UK	\$408,185.97					
						Australia	AU	\$11,662.91					
						South Africa	SA	\$23,826.91					

BEST AVAILABLE DOCUMENT

Annex A

MOZAMBIQUE
Agricultural Sector Imports
450-K-601
USAID

Commodity	Allotment	Distribution		Total	Importer	Supplier	Country	Value	FR No.	Code	Waiver	L/C Value	Available\$
		Zonas Verdes	Chokwe										
						Brazil	BZ	\$15,666.82					
Trucks	\$420,000				Intermecano				2	935	2	\$410,126.85	\$9,873.15 Complete
8 Ton (4X2)		2	0	2		Toyota/Japan	JA	\$31,900.00					
'20X Spare Parts							JA	\$6,380.00					
3-4 Ton (4X2)		4	30	40		Toyota/Japan	JA	\$309,686.85					
'20X Spare Parts							JA	\$62,160.00					
Irrigation Equipment	\$400,000				EARLI				5	935	3	\$399,999.10	\$0.90 Complete
Motorpumps Deutz F3L912		0	15	15		Deutz	SA	\$122,519.67					
Motorpumps Deutz F2L511		5	0	5		Deutz	SA	\$12,650.27					
Attachments & Sp. Parts						Deutz	SA	\$47,883.06					
Electricpumps		4	0	4		T.R.A.D.E.	ZW	\$8,532.27					
Attachments & Sp. Parts						T.R.A.D.E.	ZW	\$7,121.64					
Motorpumps Lister 8 HP		1	0	1		T.R.A.D.E.	ZW	\$3,407.90					
Motorpumps Lister 31 HP		1	0	1		T.R.A.D.E.	ZW	\$8,486.41					
Motorpumps Lister 16.5 HP		1	0	1		T.R.A.D.E.	ZW	\$5,973.71					
Motorpumps Lister 4.5 HP		2	0	2		T.R.A.D.E.	ZW	\$5,676.58					
Attachments & Sp. Parts						T.R.A.D.E.	ZW	\$22,251.59					
Electricpumps		2	0	2		T.R.A.D.E.	PORT	\$1,574.00					
Motorpumps Lombardini 3HP		2	0	2		T.R.A.D.E.	PORT	\$3,860.00					
Motorpumps Lombardini 3.5 HP		2	0	2		T.R.A.D.E.	PORT	\$3,738.00					
Motorpumps Lombardini 21 HP		1	0	1		T.R.A.D.E.	PORT	\$4,680.00					
Motorpumps Deutz FIL209D				15		Deutz	SA	\$25,305.00					
Motorpumps Deutz FIL210D				38		Deutz	SA	\$77,634.00					
Attachments & Sp. Parts		0				Deutz	SA	\$27,792.00					
					Zonas Verdes								
Hose 3/4" meters		500	0	500		Afritrade	SW	\$4,145.00	3	941			
Hose, 1" meter		1000	0	1000		Afritrade	SW	\$818.00					
Watering cans		2500	0	2500		Afritrade	SW	\$5,950.00					
Oxen Draw Implements	\$190,000				Intermecano				3	941	1	\$67,062.92	\$122,937.08 Complete
Harrow-triangular		0	250	250		Zimplot/ZW	ZW	\$7,226.30					
Harrow-zig-zag		0	250	250		Zimplot/ZW	ZW	\$15,852.30					
Spare Parts/Harrow						Zimplot/ZW	ZW	\$3,351.70					
Cultivators		0	500	500		Baldan/BZ	BZ	\$13,804.43					
Plows		0	500	500		Baldan/BZ	BZ	\$18,699.63					
Spare Parts/Plows & Cultivators						Baldan/BZ	BZ	\$8,128.56					
Hand Tools	\$450,000				Tradimec				3	941	1	\$391,934.10	\$58,065.90
Pruning Saws		1500	0	1500		Zimplot/ZW	ZW	\$4,725.00					
Axes with Handle		19000	0	19000		J.Siquieroli/BZ	BZ	\$78,980.00					

BEST AVAILABLE DOCUMENT

Commodity	Allotment	Distribution			Importer	Supplier	Country	Value	FR. No.	Code	Waiver	L/C Value	Available
		Zonas Verdes	Chokwe	Total									
Hammers	2500	0	2500		Mocol/ZM	ZM	\$13,174.94						
Hachete, Straight	11000	1000	12000		Mocol/ZM	ZM	\$47,983.84						
Garden Rakes, 8-19 teeth	10000	0	10000		Mocol/ZM	ZM	\$29,989.76						
Shovels, Pointed, Handle	5000	2000	7000		Tramontina/BZ	BZ	\$20,370.00						
Pruning Scissors	500	0	500		Ziaplow/ZM	ZM	\$2,400.00						
Shovels, Squared, Handle	3000	2000	7000		Tramontina/BZ	BZ	\$20,370.00						
Metric Tape, 30 a	2000	0	2000		Hc Master/US	US	\$45,708.25						
Medium Knives	1500	0	1500		Ziaplow/ZM	ZM	\$1,125.85						
Weeding Hoes - 500 GRS	2000	0	2000		Ziaplow/ZM	ZM	\$2,122.00						
Ring Hoes, 1100/1300 GRS	20000	4000	24000		Ziaplow/ZM	ZM	\$30,538.00						
Ring Hoes, 910 GRS	10000	0	10000		Ziaplow/ZM	ZM	\$12,570.00						
Tang Hoes, 700 GRS	14000	0	14000		Ziaplow/ZM	ZM	\$15,680.00						
Triangular Files, 7"	500	0	500		Ziaplow/ZM	ZM	\$945.00						
Fertilizer, MT (Maputo)	\$1,465,000				Interquimica			4	000		\$1,427,122.87	\$37,877.13	Complete
Urea	100	1315	1415		Inter Chea	US							
NPK (15-30-15)	325	1300	1625		Inter Chea	US							
Ammonium Sulfate	380	0	380		Inter Chea	US							
Fertilizer, MT (Nacala)													
Urea 850			850		Inter Chea	US							
NPK 100			100		Inter Chea	US							
FOB:					Inter Chea	US	\$965,993.85						
Freight:					Lykes Bros	US	\$450,333.73						
Insurance:					Transworld	US	\$10,605.29						
Seeds (Kgs)	\$706,296				Interquimica								
Cabbage (Improved Globe Y.R.)	440	400	840		Arco/US	US	\$4,116.00	3	941	1	\$90,709.25	(\$368,454.79)	Complete
Bell Peppers (California)	250	0	250		Arco/US	US	\$4,625.00						
Turrops (Purple Top Globe White)	300	0	300		Arco/US	US	\$810.00						
Pumpkin (Sugar)	3800	0	3800		Arco/US	US	\$14,630.00						
Beets (Detroit Perfected)	1500	0	1500		Arco/US	US	\$4,950.00						
Coriander	20	0	20		Arco/US	US	\$75.00						
Radish (Cherry Bell)	100	0	100		Arco/US	US	\$340.00						
Lettuce (Great Lakes)	800	0	800		Arco/US	US	\$10,240.00						
Egg Plant (Long Purple)	340	0	340		Arco/US	US	\$5,716.00						
Small Onion (White Lisbon)	510	0	510		Arco/US	US	\$7,420.50						
Onion (Texas Grand)	650	800	1450		Arco/US	US	\$21,025.00						
Parsley (Forrest Green, Curled)	150	0	150		Arco/US	US	\$1,072.50						
Collard (Vates Non Heading)	500	0	500		Arco/US	US	\$1,750.00						
Carrots (Chantenay)	1000	0	1000		Arco/US	US	\$5,100.00						
Cauliflower (Snowball T-4 med)	150	0	150		Arco/US	US	\$1,950.00						
Insurance					Arco/US	US	\$299.25						
Freight					Arco/US	US	\$6,390.00						

BEST AVAILABLE DOCUMENT

MOZAMBIQUE
 Agricultural Sector Imports
 656-K-001
 USAID

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Commodity	Allotment	Distribution			Importer	Supplier	Country	Value	FR No.	Code	Waiver	L/C Value	Available\$
		Zonas	Chokwe	Total									
Potato		31000	200000	231000		Firaa T.C.	SA	\$56,784.42		935		\$124,909.42	(Potato=CIF)
Cabbage (K. K. Cross)		100	100	200		Firaa T.C.	SA	\$45,400.00					
Sarira (Egyptian White)		10000	10000	20000		Firaa T.C.	SA	\$16,800.00					
Sweish Turnip		200	0	200		Firaa T.C.	SA	\$1,100.00					
Kaie (Gaiega)		500	0	500		Firaa T.C.	SA	\$2,750.00					
Freight (Risk)						Firaa T.C.	SA	\$690.00					
Insurance						Firaa T.C.	SA	\$1,385.00					
Corn (Kalahari)		50000	0	50000		Seico	SA	\$32,589.70		935		\$154,744.82	
Sugar Beans (Matati)				90000		Seico	SA	\$93,453.60					
Black eyed pea		30000	0	30000		Seico	SA	\$27,686.40					
Chick Pea		800	0	800		Seico	SA	\$1,015.12					
Peanuts				600000		Seico	SW	\$320,800.00		941		\$704,297.30	
Compeas				94150		Seico	SW	\$43,497.30					
Potato Seed				385050		Firaa T.C.	SA	\$140,000.00					
Sprayers	\$117,652				Intermecano				3	941	1	\$69,844.60	\$47,807.40 Complete
Knapsack, 20 l. one nozzle		100	300	400		Jacto/BZ	BZ	\$16,781.55					
Power take off (1000 ltrs.)		1	0	1		Taurus/ZM	ZM	\$4,403.15					
Power take off (350 ltrs.)		0	25	25		Taurus/ZM	ZM	\$48,659.90					
Seed Cleaners/Threshers	\$243,792											\$243,659.08	\$132.92
Tractor Mounted		0	70	70		Noqueira/BZ	BZ	\$109,270.00					
Diesel Engine		0	30	30		Noqueira/BZ	BZ	\$80,580.00					
Spare parts						Noqueira/BZ	BZ	\$28,477.00					
Freight						Noqueira/BZ	BZ	\$23,851.25					
Insurance						Noqueira/BZ	BZ	\$1,480.83					
Scales	\$65,500											\$65,795.00	(\$295.00)
Scales, veg 20KG		150	0	150		Afritrade/SW	SW	\$26,654.36					
Scales, 100KG		100	0	100		Afritrade/SW	SW	\$39,140.64					
Protective Clothing													
Rubber Boots	\$76,850	10000	0	10000	Zonas Verdes	Intercont/ZM	ZM	\$52,100.00	3	941	1	\$68,073.89	\$8,776.12
Gloves		110	340	450	Intermecano	Taurus/ZM	ZM	\$4,133.25					
Overalls		110	340	450		Taurus/ZM	ZM	\$2,756.06					
Masks, respirators		110	340	450		Taurus/ZM	ZM	\$9,084.57					
BANK CHARGES								\$15,613.78				\$15,613.78	
TOTAL ALLOCATED:	\$6,000,000							\$5,948,642.96				\$5,948,642.96	\$6,000,000.00

- 71 -

Annex A
 page 4/4

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Agriculture Sector-Imports
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Commodity	Amount	Distribution			Drumg. Areas	Total Insects	Supplier	Country	Value	Geog. Code	L/CDA Value	Amount Paid	Available	Schedule B No.
		Chowm	1st-Cat	4oz/20										
Tractors	\$264,300.00													
55 HP Tractors		33	35	32	0	100	Ford	\$732,800.00	941	\$264,300.00	\$257,325.00	\$6,375.00		692.3355-
20% S.Parts								\$132,000.00						
Tractor Implements	\$252,643.60													
Fixed Disc Plows							Internecano			941	\$131,734.29	\$130,176.99	\$1,557.30	666.0002-666.0028
3 Disc, 28"		33	35	32	0	100	Baldan	\$53,339.35						
10% S.Parts								\$5,330.00						
Disc Harrows														
Offset 20 disc 20"		33	35	32	0	100	Baldan	\$49,197.46						
10% S.Parts								\$4,510.00						
Seeds														
1 Row		10	15	0	0	25	Baldan	\$53,314.66						
15% S.Parts								\$4,140.00						
Cultivators, 3 Blades		20	15	10	0	45	Baldan	\$5,189.36						
Hydraulic Rev. Blade		10	30	10	0	50	Baldan	\$15,066.17						
Grain Sheller		20	25	0	0	45	Noquera	\$53,637.00	941	\$22,520.29	\$21,263.26	\$1,256.94	666.0046-	
20% S.Parts for Shellers							Noquera	\$2,683.00						
Tractor Spare Parts	\$150,000.00													692.3322-692.334
A. Ferguson							Extracosto							
A. Ferguson							England	UK	\$12,029.16	699	\$12,029.16	\$12,261.42	\$232.26	
A. Ferguson							England	UK	\$70,456.50	999	\$70,456.29	\$21,736.00	\$48,720.29	
A. Ferguson							Brazil	BZ	\$66,512.30	699	\$66,512.00	\$65,948.47	\$562.53	
Ford							7.Industrial	England	UK	\$147,377.79	699	\$147,377.39	\$155,821.46	Partial Shipment
Open Draw Implements	\$47,411.76													666.0002-666.0028
Plow		0	500	500	0	1000	Zincow	\$22,754.00	941	\$47,411.76	\$47,411.76	\$0.00		
Triangular Harrows		0	500	500	0	1000	Zincow	\$20,372.00						
5% S.Parts							Zincow	\$2,265.76						
Small Manual Equipment and Grain Cleaner	\$55,502.40													
		0	30	0	0	30	Internecano							
							Triton	BZ	\$53,239.00	941	\$53,239.00	\$53,239.00	\$0.00	666.0046-

Commodity	Allocation	Distribution			Drugg. Areas	Total Importer	Supplier	Country	Value	Geog. Code	L/CFA Value	Amount Paid	Available	Schedule B No.
		Chowke	fat-kas	Aperto										
Hand Fork, 4 Teeth	0	1000	1000	0	2000	Met. Pacetta	EE	\$10,450.00	941	\$102,330.00	\$191,906.00	\$124.00		
Sickles	13000	4000	0	0	17000	Transonina	EE	\$15,056.20						
Hatchet, with handle 1.3:4 19"	0	2000	4000	7500	13500	Met. Pacetta	EE	\$33,871.00						
Hatchet, with handle 1.1:2 1.5"	0	2000	4000	7500	13500	Met. Pacetta	EE	\$56,151.00						
Shovel, Pointed, with handle	2000	1500	0	0	3500	Transonina	EE	\$9,852.65						
Shovel, Square, with handle	2000	2500	0	0	4500	Transonina	EE	\$11,331.21						
Pickaxe without handle		500			500	Transonina	EE	\$1,109.25						
Pickaxe	0	500	0	0	500	Met. Pacetta	EE	\$1,528.00						
Saw, Reciprocating (Hand Saw)	1000	0	0	0	1000	Bonfio	EE	\$2,164.00	941	\$31,351.00	\$31,351.00	\$0.00		
Saw, Frame (Plano Bow Saw)	500	2500	0	0	3000	Santista	EE	\$17,582.95	941	\$44,256.00	\$44,251.50	\$16.51		
Blade for saw	500	2000	500	0	3000	Santista	EE	\$4,237.24						
Saw Frame	500	2500	0	0	3000	Bonfio	EE	\$19,510.00						
Blade for saw	500	2000	500	0	3000	Bonfio	EE	\$1,670.10						
File 7, Parallel	0	500	0	0	500	Bonfio	EE	\$667.00						
File, Flat 6"	0	500	0	0	500	Zivalow	EE	\$487.91						
Hammer	2000	2000	0	0	4000	Transonina	EE	\$7,099.29						
Plier	0	1000	0	0	1000	Bonfio	EE	\$5,340.00						
Frame for window	1000	2000	0	0	3000	F. Hago	EE	\$159.00	941	\$9,143.00	\$9,143.00	\$0.00	647.0620-647.0530	
Frame for door	1000	2000	0	0	3000	F. Hago	EE	\$452.00						
Locks, Full mortise	250	250	0	0	500	F. Hago	EE	\$2,368.00					646.9120-	
Locks, Surface mounted	1750	1750	0	0	3500	F. Hago	EE	\$5,165.00						
Padlocks, 5 pins	1000	2000	0	0	3000	Santista	EE	\$8,442.15						
Padlocks, 6 pins	1000	2000	0	0	3000	Santista	EE	\$14,205.65						
Watering cans	0	1000	0	0	1000	Lecuna	EE	\$2,193.50	941	\$2,193.50	\$2,193.50	\$0.00	774.5020-	
Hand Tools (Hand Saws)					53000	53000	Bonfio	EE	\$39,570.00	941	\$69,570.00	\$69,570.00	\$0.00	
Hand Saws					35000	35000	Transonina	EE	\$132,451.25	941	\$132,451.25	\$132,451.25	\$0.00	
Hand Saws					18000	18000	Transonina	EE	\$19,600.00					
Hand Saws					17000	17000	Transonina	EE	\$19,360.00					
Hand Saws					15000	15000	Transonina	EE	\$19,360.00					
Hand Saws					10000	10000	Transonina	EE	\$19,360.00					
Hand Saws					5000	5000	Transonina	EE	\$19,360.00					
Fertilizer (N7)	\$1,563,550.00					Intercomisa							\$20,2520-469.7500	
V-P-4, 15-10-15		2070	150	380	0	2600	Woodward	EE	\$623,374.00	000	\$953,514.00	\$953,455.46	\$53.54	
Urea		1200	700	190	0	2090	Woodward	EE	\$324,481.46					
Ammonium Sulphate		600	150	150	0	900	Woodward	EE	\$114,570.39		\$114,632.62	\$114,570.39	\$1.23	
Fertilizer							Wesley Bros	EE	\$610,349.30	000	\$610,705.52	\$610,705.32	\$0.00	
Insurance							Walford	EE	\$12,326.42	000	\$12,326.42	\$12,326.42	\$0.00	
area		525				525 Intercomisa	vital Bank	EE	\$52,330.50	000	\$52,330.50	\$52,330.50	\$0.00	

Commodity	Allotment	Districts		Group Areas	Total Importer	Supplier	Country	Value	Geog. Code	LICR value	Amount Paid	Available	Schedule B No.	
		Chokwe	kai-kai											Mocimboa
Freight						Lykes Bros	US	\$83,351.43	000	\$82,795.91	\$82,592.92	\$158.99		
Insurance						Walford	US	\$1,257.96	000	\$1,257.86	\$1,257.86	\$0.00		
Fertilizers (2nd Tranche)	\$409,150.00													
Urea			560		560	Interquimica Int. Fam Mat.	US	\$73,763.20	000	\$409,150.00	\$409,150.00	\$0.00		
N P K			740		740	Int. Raw Mat.	US	\$159,640.00						
Freight								\$167,662.19						
Insurance								\$5,884.62						
Seeds (kg)	\$1,128,620.37													
						Interquimica								
Onion (Texas Grano)		500	90	600	0	1190	Arco Seed	US	\$17,216.47	000	\$73,029.00	\$70,319.61	\$2,709.39	126.0120-126.3660
Peas (Sugar)		0	100	320	0	420	Arco Seed	US	\$2,193.54					126.5700-126.5500
Collard		0	100	800	0	900	Arco Seed	US	\$3,282.61					126.1510-127.1590
Canisflower (Snowball 7 4 Heenan)		0	40	60	0	100	Arco Seed	US	\$1,389.24					130.3410-
Tomato (Roma)		500	100	539	0	1136	Arco Seed	US	\$72,509.67					
Lettuce (Great Lakes)		0	40	210	0	250	Arco Seed	US	\$3,342.54					
Carrots (Chantrelle)		0	20	530	0	550	Arco Seed	US	\$3,217.20					
Bell Pepper (Cascifernia Wonder)		0	25	325	0	350	Arco Seed	US	\$6,745.15					
Cabbage (Gloria or A. Market)		250	75	335	0	660	Arco Seed	US	\$3,722.76					
Cucurbit (Ashley Long)		0	10	290	0	300	Arco Seed	US	\$2,365.89					
Eggplant (Long Purple)		0	10	220	0	230	Arco Seed	US	\$4,180.27					
Turnip (Purple White Globe)		0	0	50	0	50	Arco Seed	US	\$354.07					
Seeds (kg)														
						Interquimica								
Green-kale (Galea)		0	100	0	0	100	Quimica	PORT	\$411.60	899	\$252,674.00	\$252,674.00	\$0.00	
Butter Beans		75000	20000	80000	0	175000	Quimica	PORT	\$222,250.00	899				
Black-eye Beans		0	25000	0	0	25000	Quimica	PORT	\$25,250.00	899				
Chick-peas		0	200	0	0	200	Quimica	PORT	\$326.00	899				
Corn (Malakka White)		0	50000	21000	78000	651000	Saco	SA	\$522,514.50	941	\$522,514.00	\$522,514.00	\$0.00	
Kale Troncauca		0	100	800	0	900	Quimica	PORT	\$4,437.00	899				
Garlic (Cannon Boute)		0	3000	13713	0	16713	Firma TC	SA	\$38,590.00	899	\$198,239.40	\$198,239.40	\$0.00	
Potato (BPI or La-to-cate)		430000	68000	0	0	468000	Firma TC	SA	\$155,440.40	899				
Seeds (kg) 2nd Tranche														
Onion (White Lisbon)		30	20	50	50	150	Arco Seed	US	\$4,026.32	000	\$193,707.29		\$0.00	
Onion (Texas Grano)		50	50	150	150	400	Arco Seed	US	\$36,113.75					
Onion (Boscon Grand)		50	50	100	100	300	Arco Seed	US	\$6,923.20					
Onion (Red Globe)		50	50	200	100	400	Arco Seed	US	\$10,736.95					

Commodity	Allotment	Distribution			Drug Areas	Total Exporter	Supplier	Country	Value	Geog. Code	LICOM Value	Amount Paid	Available	Schedule B No.
		Change	1st-2nd	3rd-4th										
Lettuce	15	10	50	25	100	Arco Seed	US	\$1,450.93						
Lettuce (Great Lakes)	15	10	50	25	100	Arco Seed	US	\$2,090.65						
Cabbage (Copenhagen Market)	25	25	100	50	200	Arco Seed	US	\$1,701.54						
Tomato (Marglobe)	25	25	100	50	200	Arco Seed	US	\$5,415.37						
Tomato (Cannonball 35 VF)	15	10	50	25	100	Arco Seed	US	\$3,390.05						
Tomato (Cannonball 37 VF)	15	10	50	25	100	Arco Seed	US	\$3,390.05						
Tomato (Roma)	25	25	100	50	200	Arco Seed	US	\$7,589.91						
Peas (Tirone F. Pungent)	10	15	25	0	50	Arco Seed	US	\$16.64						
Bell Pepper (Ohio Wonder)	15	10	50	25	100	Arco Seed	US	\$2,624.21						
Eggplant (Black Beauty)	15	10	50	25	100	Arco Seed	US	\$226.41						
Coriander	0	0	20	0	20	Arco Seed	US	\$99,051.33						
Green Beans (Contender)	10000	10000	20000	10000	50000	Arco Seeds	US	\$76,480.00						
Spinnakers (Natal Congo)	55000	55000	250000	0	300000	Saffola Seeds	S. Afric	\$321,600.00	899	\$321,600.00	\$321,600.00	\$0.00		
Maize (Kalahari Early Pearl)	0	0	76000	0	76000	Senco	Swazi	\$55,107.00	741	\$55,107.00	\$55,107.00	\$0.00		
Corn (Kalahari GP)	0	0	10000	0	10000	Pioneer	S.-Afric	\$8,960.00	699	\$8,960.00	\$8,960.00	\$0.00		
Vegetable Seeds (3rd Tranche)														
Tomato (Marglobe)					1500	Borax	Cal Seed	US	\$27,795.00		000	\$154,250.00	\$154,250.00	\$0.00
Tomato (Roma)					1000		Cal Seed	US	\$36,492.55					
Onion (Texas Giant)					1000		Cal Seed	US	\$27,653.62					
Onion (Red Crest)					1000		Cal Seed	US	\$14,717.01					
Lettuce (Blue Lakes)					1000		Cal Seed	US	\$36,353.62					
Bell Pepper (Ohio Wonder)					500		Cal Seed	US	\$9,608.69					
Carrrots (Chantenay Red)					500		Cal Seed	US	\$5,449.38					
Cucumber (Ashley Maxima)					500		Cal Seed	US	\$5,449.38					
Cabbage (Copenhagen Market)					1500		Cal Seed	US	\$10,626.79					
Pumpkin (Hale)					500		Cal Seed	US						
Watermelon (Sugar Baby)					500		Cal Seed	US	\$8,314.87					
Eggplant					500		Cal Seed	US	\$10,898.77					
Tomato (Cannonball 37)					500		Cal Seed	US	\$9,261.95					
Tomato (White Stone)					500		Cal Seed	US	\$8,214.57					
Cabbage (1700 Leaves)					100		Quinopal	Port	\$215.12		899	\$12,649.00		\$0.00
Kale (Gallega)					1100		Quinopal	Port	\$4,313.61		899			
Kale (Frodochua)					1250		Quinopal	Port	\$6,125.28		899			
Cabbage (K Cross)					300		Pos vriesse	Holland	\$46,300.00		899	\$46,300.00	\$46,300.00	\$0.00
Vegetable Seeds (4th Tranche)														
Tomato Marglobe					100	Borax	Arco Seed	US	\$8,683.25			\$43,609.00		\$0.00
Tomato Cannonball 37					400		Arco Seed	US	\$14,014.33					

BEST AVAILABLE DOCUMENT

Commodity	Allotment	Distribution		Dropt. Areas	Total Imports	Supplier	Country	Value	Geog. Code	L/COP Value	Amount Paid	Available	Economic S. No.
		Ch. No.	Alt. No.										
Tomato Seed					200	Arco Seed	US	\$5,633.17					
Pepper (ole) Seed					200	Arco Seed	US	\$5,550.75					
Carrot Seed, Gen					200	Arco Seed	US	\$2,139.45					
Alon Seed Gen					100	Arco Seed	US	\$1,091.78					
Beet (Sweet) Seed					100	Arco Seed	US	\$661.68					
Radish (Cherry) Seed					50	Arco Seed	US	\$317.06					
Soybean (Giant) Seed					100	Arco Seed	US	\$616.85					
Broccoli (Green) Seed					25	Arco Seed	US	\$286.73					
Green Peas (Large)					2000	Arco Seed	US	\$2,540.41					
Green B. Contender					4030	Arco Seed	US	\$7,223.54					
Wheat Seed					193.8 Borer	Josando	SA	\$100,000.00	899	\$100,000.00			
Compa Seed (tor)					310 Borer	Farntech	ZH	\$123,690.00	941	\$123,690.00			
Zinc Sheets	\$591,515.00					Shinc			000				652,9700
Zinc Sheets, Galvanized, 12"		24030	18690	10650	0	53400	Consolidated	US	\$499,695.00	\$572,183.00	\$572,183.00	\$0.00	
Zinc Sheets, Galvanized, 10"		4320	2360	1720		9600	Consolidated	US	\$72,208.00				
Screws		102000	120000	72000		300000	Elec. Components	US	\$19,332.00	\$19,332.00	\$19,332.00	\$259.00	
Zinc Sheets 12					34500								
Raw Material													
Nylon For Tires	\$1,000,000.00					Nabor	General Tire	US	\$999,997.00	000	\$999,997.00	\$993,219.62	\$6,776.38
Raw Material													
Natural Rubber For Boots (Gen)	\$132,815.00				127	Facool	I & D. Smith	MALAYSIA	\$132,815.00	941	\$132,815.00	\$132,815.00	\$0.00
PVC For Water Hose 3/4"	\$70,706.15					Facobei	Enterplast	US	\$70,706.15	000	\$70,706.15	\$0.00	440,0505-440,0500
WPE for Pipes (Gen)	\$96,476.85					Facool	Ision Carbide	US	\$92,148.43	000	\$96,000.00	\$92,148.43	\$3,821.52
Technical Assistance												\$0.00	
Entrepreneurs	\$62,000.00												
4WD Vehicles (3)													
2WD Vehicles (2)													
Tractors	\$30,000.00												
Bus (30 Pass.) (1)													
2WD Vehicles (1)													
TOTAL	\$12,000,000.00							\$11,995,282.99		\$11,547,895.54	\$11,090,610.11	\$41,256.76	

-77-

COMMODITY	ALLOTMENT	DISTRIBUTION					UNIT VALUE	IMPORTER	VALUE	SUPPLIER	COUNTRY	GEOG. CODE	BALANCE	INVENTORY NO.	FR 43.	Schedule B No.	
		IV	Maputo	Kar-fas	Chome	I'base											Total
Tractors	\$687,500																
65 HP (4 & 2)			28	30	22	90	\$7,190.00	Entrezosto	\$575,200.00	H. Ferguson	Brazil	941	\$16,234.68	1	2	492.3355	
Spare parts (200)								Entrezosto	\$103,700.00	H. Ferguson	Brazil						
70 HP					10	10	\$3,170.00	Entrezosto	\$31,700.00	H. Ferguson	Brazil	941					
Spare parts (200)								Entrezosto	\$14,840.00	H. Ferguson	Brazil						
Tractor Implements																	
Disc Plow, 3			28	30	22	80	\$245.00	Entrezosto	\$43,600.00	H. Ferguson	Brazil	941		1	2	666.2002-666.2028	
Spare parts								Entrezosto	\$1,720.00	H. Ferguson	Brazil						
Disc Plow, 4					10	10	\$650.00	Entrezosto	\$6,500.00	H. Ferguson	Brazil	941					
Spare parts								Entrezosto	\$610.00	H. Ferguson	Brazil						
Harrow, 20 discs			28	30	22	80	\$418.14	T. Industrial	\$33,451.20	Marchesan	Brazil	941					
Spare parts								T. Industrial	\$3,176.00	Marchesan	Brazil						
Harrow, 24 discs					10	10	\$591.13	Internecao	\$5,911.30	Daico	Brazil	941					
Spare parts								Internecao	\$547.00	Daico	Brazil						
Motorciclatures & Implements	\$125,000	36	5			41	\$4,257.10	Internecao	\$174,955.00	Yassar	Brazil	941	\$45.00		2	666.2002	
Aggrague Sprayers	\$37,000	150	450	200	200	1000	\$37.00	To be indicated	\$37,000.00			000		1	1	662.0015-662.0055	
Tractor																	
Expet 100	\$355,000		18	14	7	39	\$19,537.00	T. Industrial	\$763,893.00	Mishio Iwai	Japan	899	\$0.00	2	3	692.0470-692.0570, 692.1015	
Spare Parts, 150									\$31,107.00	Mishio Iwai	Japan						
Tractor 100	\$515,230	20	10	8	2	40	\$12,900.00	Pencrav & Sousa	\$443,000.00	C. Itoh	Japan	899	\$0.00	ERM			
Spare Parts, 150									\$67,200.00	C. Itoh	Japan						
Diesel Fuel	\$700,000	100000	200000	150000	250000	700000		Petroboc	\$700,000.00			899		4	3	475.2560-475.5750	
Motor Oils												899		4			
Lubricants												899		4			
Spare Parts																	
Tractors															5	3	666.2002-777.2090
Ford	\$200,000							Tech. Industrial	\$199,936.24	Ford Motor Co.	England	899	\$63.36				
Husky Ferguson	\$142,910							Entrezosto	\$140,939.50	H. Ferguson	Brazil	899	\$0.00				
Husky Ferguson	\$109,091							Entrezosto	\$109,070.50	H. Ferguson	England	899	\$0.00				
Husky 4000 Equip.	\$10,000								\$10,000.00			899					
Motorciclatures																	
Yassar	\$15,000							Internecao	\$15,000.00	Yassar	Brazil	899	\$0.00				
Tractor																	
Ford	\$50,000							Oxiao Comercial	\$50,000.00			899					
Mercedes	\$50,000							Entrezosto	\$50,000.00	Mercedes Benz	W. Germany	899	\$0.00				
Mercedes	\$50,000							Tech. Industrial	\$50,000.00			899					
Implements																	
Daico	\$9,000							Internecao	\$8,196.64	Daico	Brazil	941	\$631.36				
Seed Cleaners																	
Yassar	\$4,000							Internecao	\$4,000.00	Requesra	Brazil	941	\$0.00				
Imposition Equipment	\$500,000							EARLI	\$500,000.00					6	3	618.4020-618.4700	

BEST AVAILABLE DOCUMENT

COMMODITY	ALLOTMENT	DISTRIBUTION						UNIT	COMPUTER	VALUE	SUPPLIER	COUNTRY	CODE	BALANCE	PAIVER	FR NO.	Schedule 3 No.
		ZV	Masoko	Kis-Kis	Chome	T'bone	Total										
Diesel Pumps			30	15	15		100					899					1000.9200-000.9490
Accessories												899					1662.6031-002.6055
Fertilizers	\$1,500,000											000	\$10,937.00		1		490.2570-490.9000
UREA		215	430		2300		3330	\$216.00									
Urea		120	356		1000		1640	\$131.72									
Freight																	
Insurance																	
Seeds (Tons)	\$1,260,330																
Potatoes		200	300		600		1100	\$277.82									
Maize, PKR					40		40	\$509.20									
Garlic			20		20		40	\$2,863.50									
Sunflower					20		20	\$1,310.00									
vegetable seeds																	
Minerals																	
Zinc Sheets	\$500,000	11000	20000	20000	30000		81000										
PIPE For Irr. Pipes (tons)	\$50,000						50										1652.9700
Truck and Tractor Batteries	\$150,000	400	1000	1300	1300		4000										444.2310-444.2330
Truck Trailers	\$250,000																(See CP1)
Plastic hoses	\$50,000						6575	\$12,500.00									
Natural Rubber (tons)	\$170,000						120										2772.2120
Nylon For Tires	\$980,711																446.0505-446.1200
Natural Rubber for Tires	\$105,000																357.8020-357.8060
Talcum	\$14,250																
TOTAL:	\$9,570,000								\$3,724,550.96				\$945,347.65				

25-Feb-97

198 - 110766

BEST AVAILABLE DOCUMENT

- 79 -

Annex
 page 2/2

MOZAMBIQUE
Agricultural Sector Imports
656-K-601 C (1987)

BEST AVAILABLE DOCUMENT

COMMODITY	ALLOTMENT	UNIT	TOTAL	FIRST	SECOND
Tractors	\$950,000				
65 HP		100	\$9,500	\$950,000.00	\$950,000.00
Implements	\$120,000				
Disc ploughs		100	\$700	\$70,000.00	\$70,000.00
Disc Harrows		100	\$500	\$50,000.00	\$50,000.00
Motorcultivators	\$135,000	30	\$4,500	\$135,000.00	\$135,000.00
Sprayers	\$40,000	1000	\$40	\$40,000.00	
Transport Equipment	\$1,910,000				\$40,000.00
Eight Ton Trucks		40	\$23,000	\$920,000.00	\$920,000.00
Three Ton Trucks		40	\$13,500	\$540,000.00	\$540,000.00
Pick Up (4x4) 1000kgs		22	\$9,000	\$200,000.00	\$198,000.00
Motorcycles		50	\$1,000	\$50,000.00	\$50,000.00
Bicycles		4000	\$50	\$200,000.00	
Irrigation Equipment	\$500,000			\$500,000.00	\$500,000.00
Spare Parts	\$615,000				
Tractor Spare Parts					
Massey Ferguson				\$225,000.00	\$225,000.00
Ford				\$225,000.00	\$225,000.00
Yanmar				\$10,000.00	\$10,000.00
Truck Spare Parts					
Mercedes				\$20,000.00	\$20,000.00
Isuzu				\$40,000.00	\$40,000.00
Toyota				\$30,000.00	\$30,000.00
Mitsubishi				\$50,000.00	\$50,000.00
Spare Parts for Implements					
Baldan				\$13,000.00	\$13,000.00
Nogueira				\$2,000.00	\$2,000.00
Fertilizers	\$1,630,000			\$1,630,000.00	\$1,630,000.00
NPK					
Urea					
Seeds	\$1,420,000				
Garlic				\$366,000.00	\$366,000.00
Potato				\$384,000.00	\$384,000.00
Peanut				\$350,000.00	\$350,000.00
Butter Bean				\$100,000.00	\$100,000.00
Vegetable Seeds				\$120,000.00	\$120,000.00
Corn				\$100,000.00	\$100,000.00
Diesel & Lubricants	\$1,000,000			\$1,000,000.00	\$1,000,000.00
Plastic Boxes	\$75,000			\$75,000.00	\$75,000.00
Raw Materials for	\$1,440,000				
Tires				\$500,000.00	\$500,000.00
Roofing Sheets				\$400,000.00	\$400,000.00
Rubber Boots				\$100,000.00	\$100,000.00
Irrigation Pipes				\$100,000.00	\$100,000.00
Hose				\$40,000.00	\$40,000.00
Batteries				\$150,000.00	\$150,000.00
Mesh and Wire				\$150,000.00	\$150,000.00
TOTAL	\$9,835,000			\$9,835,000.00	\$7,415,000.00
Budget	\$9,835,000				
Difference	\$0				

UPDATE:

20-Mar-87

-80-

MOZAMBIQUE
 COMMODITY IMPORT PROGRAM
 PHASES I, II, III AND IV
 IMPORTS

COMMODITY	601 (PHASE I)	%	601A (PHASE II)	%	601B (PHASE III)	%	601C (PHASE IV)	%	TOTAL	
Tractors, Motorcult. & implements	\$1,517,705.54	25.52Z	\$1,627,831.03	13.66Z	\$1,125,939.89	11.77Z	\$1,125,000.00	11.44Z	\$5,396,476.46	14.48Z
Spare Parts	\$726,504.35	12.21Z	\$501,790.08	4.21Z	\$658,811.00	6.88Z	\$615,000.00	6.25Z	\$2,502,105.43	6.71Z
Transport Equipment	\$410,126.85	6.90Z	\$1,321,534.31	11.09Z	\$1,370,200.00	14.32Z	\$1,910,000.00	19.42Z	\$5,011,861.16	13.45Z
Irrigation Equipment	\$400,000.00	6.72Z	\$500,000.00	4.20Z	\$500,000.00	5.22Z	\$500,000.00	5.08Z	\$1,900,000.00	5.10Z
Hand Tools	\$391,934.00	6.59Z	\$661,135.06	5.55Z				0.00Z	\$1,053,069.06	2.83Z
Fertilizer	\$1,427,122.00	23.99Z	\$2,272,291.26	19.07Z	\$1,600,000.00	16.72Z	\$1,750,000.00	17.79Z	\$7,049,413.26	18.91Z
Seeds	\$1,074,659.30	18.07Z	\$2,161,614.37	18.14Z	\$1,260,000.00	13.17Z	\$1,420,000.00	14.44Z	\$5,916,273.67	15.87Z
Diesel			\$1,000,000.00	8.39Z	\$900,000.00	9.40Z	\$1,000,000.00	10.17Z	\$2,900,000.00	7.78Z
Raw Materials			\$1,295,668.42	10.87Z	\$2,155,049.11	22.52Z	\$1,515,000.00	15.40Z	\$4,965,717.53	13.32Z
Zinc Sheets			\$574,890.00	4.82Z					\$574,890.00	1.54Z
TOTAL	\$5,948,052.04		\$11,916,754.53		\$9,570,000.00		\$9,835,000.00		\$37,269,806.57	

UPDATE:

11-Mar-87

BEST AVAILABLE DOCUMENT

- 81 -

USAID
Commodity Import Program
656 K 601 (1984)
Importers & Distributors
Mozambique

Commodity	Importer	Distributor	Importacion			Distribution		
			Legal	Statal	Private	Legal	Statal	Private
			E.E.	Intervencionada	SARL & Lda	E.E.	Intervencionada	SARL & Lda
Fertilizers	Interquimica	Boror	\$1,429,076.09			\$1,429,076.09		
Tractors	Intermecano	Entreposto	\$551,147.46				\$551,147.46	
Motorcultivators	Intermecano	Mecanagro	\$104,816.77			\$104,816.77		
Tractor Implements	Intermecano	Mecanagro	\$177,610.00			\$177,610.00		
Tractor Implements	Intermecano	Entreposto	\$156,560.54				\$156,560.54	
Trucks	Intermecano	U.Comercial	\$411,240.00				\$411,240.00	
Oxen Draw Implements	Intermecano	Mecanagro	\$67,062.00			\$67,062.00		
Irrigation Equipment	Earli	Comel	\$399,994.02				\$399,994.02	
Sprayers	Intermecano	T. Industrial	\$16,852.00				\$16,852.00	
Sprayers	Intermecano	Mecanagro	\$189,210.81			\$189,210.81		
Seed Cleaners	Intermecano	Mecanagro	\$243,660.08			\$243,660.08		
Hand Tools	Tradimex	Zonas Verdes			\$392,803.25	\$392,803.25		
Seeds	Interquimica	Boror	\$1,079,433.20			\$1,079,433.20		
Spare Parts for Tractors	Entreposto	Entreposto			\$470,272.22		\$470,272.22	
Spare Parts for Tractors	T.Industrial	T. Industrial			\$261,396.24		\$261,396.24	
TOTAL			\$4,826,662.97	\$0.00	\$1,124,471.71	\$3,683,672.20	\$411,240.00	\$1,856,222.48
			81.10%		18.90%	61.90%	6.91%	31.19%

UPDATE:

09-Mar-87

BEST AVAILABLE DOCUMENT

USAID
Commodity Import Program
656 K 601 A (1985)
Importers & Distributors
Mozambique

BEST AVAILABLE DOCUMENT

Commodity	Importer	Distributor	Importation			Distribution		
			Legaly Estatal	Legaly Private		Legaly Estatal	Legaly Private	
			E.E.	Intervencionada	SARL & Lda	E.E.	Intervencionada	SARL & Lda
Fertilizers	Interquimica	Boror	\$2,289,331.00			\$2,289,331.00		
Tractors	Intermecano	T. Industrial	\$864,800.00				\$864,800.00	
Trucks 8 ton	Intermecano	Entrepuesto	\$571,484.31				\$571,484.31	
Trucks 3 ton & Pick Up's	Intermecano	Pendray & Sousa	\$687,840.00				\$687,840.00	
Utility Vehicles	Intermecano	T. Industrial	\$40,400.00				\$40,400.00	
Motorcycles	Intermecano	Ciclomotores	\$22,606.00				\$22,606.00	
Bicycles	F. Bicicletas	F. Bicicletas			\$176,880.00			\$176,880.00
Tractor Implements	Intermecano	Mecanagro	\$246,146.00			\$246,146.00		
Oxen Draw Implements	Intermecano	Mecanagro	\$402,887.00			\$402,887.00		
Irrigation Equipment	Earli	Comel	\$500,000.00				\$500,000.00	
Sprayers	Intermecano	T. Industrial	\$36,761.00				\$36,761.00	
Raw Material for Tires	Mabor	Distributors Mab.			\$1,000,000.00			\$1,000,000.00
Raw material for Boots & Hose	Facobol	Facobol			\$311,884.00			\$311,884.00
Diesel	Petromoc	Mobil, BP & Petr.	\$1,000,000.00			\$400,000.00		\$600,000.00
Hand Tools	Tradimex	Manuel Nunes			\$664,538.00			\$664,538.00
Seeds	Interquimica	Boror	\$2,092,932.69			\$2,092,932.69		
Zinc Sheets	Dimac	Manuel Nunes	\$591,510.00					\$591,510.00
Spar Parts for Trucks	Entrepuesto	Entrepuesto			\$100,000.00			\$100,000.00
Spar Parts for Trucks	T. Industrial	T. Industrial			\$100,000.00			\$100,000.00
Spare Parts for Tractors	Entrepuesto	Entrepuesto			\$150,000.00			\$150,000.00
Spare Parts for Tractors	T. Industrial	T. Industrial			\$150,000.00			\$150,000.00
TOTAL			\$9,346,698.00	\$0.00	\$2,653,302.00	\$5,431,296.69	\$687,840.00	\$5,880,863.31
			77.89%		22.11%	45.26%	5.73%	49.01%

UPDATE:

09-Mar-87

- 83 -

USAID
Commodity Import Program
656 K 601 B (1985)
Importers & Distributors
Mozambique

Commodity	Importer	Distributor	Importation			Distribution		
			Legaly Estatal	Legaly Intervencionada	Legaly Private	Legaly Estatal	Legaly Intervencionada	Legaly Private
			E.E.		SARL & Lda	E.E.		SARL & Lda
Fertilizers	Interquimica	Boror	\$1,600,000.00			\$1,600,000.00		
Tractors	Entrepoto	Entrepoto			\$784,500.00			\$784,500.00
Motorcultivators	Intermecano	Mecanagro	\$175,000.00			\$175,000.00		
Tractor Implements	Entrepoto	Entrepoto			\$54,930.00			\$54,930.00
Tractor Implements	T. Industrial	T. Industrial			\$36,627.20			\$36,627.20
Tractor Implements	Intermecano	Mecanagro	\$6,768.12			\$6,768.12		
Trucks, 8 ton	T. Industrial	T. Industrial			\$855,000.00			\$855,000.00
Trucks, 3 ton	Pendray & Sousa	Pendray & Sousa		\$515,200.00			\$515,200.00	
Irrigation Equipment	Earli		\$500,000.00					\$500,000.00
Diesel	Petromoc	Petromoc + BP	\$900,000.00			\$600,000.00		\$300,000.00
Sprayers	Boror	Boror	\$37,000.00			\$37,000.00		
Raw material for Zinc Sheets	IMA	Manuel Nunes			\$500,000.00			\$500,000.00
Raw material for Irr. Pipes	Facobol	Facobol			\$220,000.00			\$220,000.00
Raw material for Batteries	Tudor	Tudor			\$150,000.00			\$150,000.00
Raw material for Trailers	Maquinag	Maquinag		\$250,000.00			\$250,000.00	
Raw material for plastic Boxes	Facobol	Facobol			\$50,000.00			\$50,000.00
Raw material for tires	Mabor	Mabor			\$1,000,000.00			\$1,000,000.00
Seeds	Boror	Boror	\$937,000.00			\$937,000.00		
Spare Parts	Entrepoto	Entrepoto			\$418,000.00			\$418,000.00
Spare Parts	T. Industrial	T. Industrial			\$250,000.00			\$250,000.00
TOTAL			\$4,155,768.12	\$765,200.00	\$4,319,057.20	\$3,355,768.12	\$765,200.00	\$5,119,057.20
			44.98%	8.28%	46.74%	36.32%	8.28%	55.40%

UPDATE:

09-Mar-87

- 84 -

BEST AVAILABLE DOCUMENT

USAID
 Commodity Import Program
 656 K 601 C (1987)
 Importers & Distributors (Projection)
 Mozambique

Commodity	Importer	Distributor	Importation			Distribution		
			Legaly Statal	Legaly	Private	Legaly Statal	Legaly	Private
			E.E.	Intervencionada	SARL & Lda	E.E.	Intervencionada	SARL & Lda
Fertilizers	Interquimica	Boror	\$1,750,000.00			\$1,750,000.00		
Tractors	To Be Indicated				\$950,000.00		\$950,000.00	
Motorcultivators	To Be Indicated		\$135,000.00			\$135,000.00		
Bicycles	To Be Indicated				\$200,000.00		\$200,000.00	
Motorcycles	To Be Indicated				\$50,000.00		\$50,000.00	
Pick Up Trucks	To Be Indicated				\$200,000.00		\$200,000.00	
Trucks, 8 ton	To Be Indicated				\$920,000.00		\$920,000.00	
Trucks, 3 ton	To Be Indicated				\$540,000.00		\$540,000.00	
Irrigation Equipment	To Be Indicated				\$500,000.00		\$500,000.00	
Diesel	Petromoc	Petromoc + BP	\$1,000,000.00			\$500,000.00		\$500,000.00
Sprayers	To Be Indicated		\$40,000.00			\$40,000.00		
Raw material for Zinc Sheets	IMA	IMA			\$400,000.00		\$400,000.00	
Raw material for Irr. Pipes	Facobol	Facobol			\$100,000.00		\$100,000.00	
Raw material for Batteries	Tudor	Tudor			\$150,000.00		\$150,000.00	
Raw material for plastic Boxes	Facobol	Facobol			\$75,000.00		\$75,000.00	
Raw material for tires	Mabor	Mabor			\$500,000.00		\$500,000.00	
Seeds	Boror	Boror	\$1,420,000.00			\$1,420,000.00		
Spare Parts	Entreposto	Entreposto			\$275,000.00		\$275,000.00	
Spare Parts	T.Industrial	T.Industrial			\$275,000.00		\$275,000.00	
TOTAL			\$4,345,000.00	\$0.00	\$5,135,000.00	\$3,845,000.00	\$0.00	\$5,635,000.00
			45.83%	0.00%	54.17%	40.56%	0.00%	59.44%

UPDATE:

09-Mar-87

- 85 -

BEST AVAILABLE DOCUMENT

BEST AVAILABLE DOCUMENT

AUTHORIZATION OF CIP PAAD : AUGUST 8, 1985.

COMMODITY	QTY	RFQ DATE	CLOSING DATE	AWARD DATE	IMPORTER	VALUE	SUPPLIER	COUNTRY	L/COM REQUESTED	L/COM ISSUED	E.T.A.	A.D.A	VALUE ARRIVED	RELEASED CUSTOMS	OTHER STATUS
Tractors 65 HP	100	09 19 85	10 04 85	11 05 85	Interacano	\$864,800.00	Ford	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$857,825.00	06 16 86	(A)
Fixed Disc Ploughs (3 discs)	100	09 19 85	10 04 85	11 05 85	Interacano	\$69,218.35	Baldan	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$69,260.41	05 22 86	(A)
Offset Disc Harrows (20 discs)	100	09 19 85	10 04 85	11 05 85	Interacano	\$52,697.46	Baldan	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$53,379.81	05 22 86	(A)
Seeders With Fertilizers (3 rows)	25	09 19 85	10 04 85	11 05 85	Interacano	\$37,454.66	Baldan	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$34,168.81	05 22 86	(A)
Cultivators (9 blades)	45	09 19 85	10 04 85	11 05 85	Interacano	\$9,189.96	Baldan	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$8,861.76	05 22 86	(A)
Reversible Blades	50	09 19 85	10 04 85	11 05 85	Interacano	\$15,066.17	Baldan	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$14,307.20	05 22 86	(A)
Grain Shellers	45	09 19 85	10 04 85	11 05 85	Interacano	\$62,520.00	Moqueira	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$61,263.16	05 22 86	(A)
Oxen Drawn Ploughs	1000	06 06 86	06 17 86	07 11 86	Interacano	\$28,044.80	Zimplot	Zimbabwe	07 29 86	08 05 86	Sept. 86	09 26 86	\$28,044.80	10 15 86	(A)
Oxen Drawn Harrows (triangular)	1000	06 06 86	06 17 86	07 11 86	Interacano	\$21,366.96	Zimplot	Zimbabwe	07 29 86	08 05 86	Sept. 86	09 26 86	\$21,366.96	10 15 86	(A)
Oxen Carts	400	06 06 86	06 17 86	07 11 86	Interacano	\$216,045.53	Turnpan	Zimbabwe	07 31 86	08 07 86	March 87	03 06 87	\$216,045.53		(A)
Hand Grain Cleaners	80	09 19 85	10 04 85	11 05 85	Interacano	\$33,288.00	Triton	Brazil	02 05 86	02 24 86	July 86	07 04 86	\$33,288.00	08 12 86	(A)
Knapsack Sprayers	600	09 19 85	10 04 85	11 05 85	Interacano	\$25,140.00	Jacto	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$24,440.95	05 22 86	(A)
Sprayers PTD (350 L)	5	09 19 85	10 04 85	11 05 85	Interacano	\$5,420.00	Jacto	Brazil	12 12 85	01 21 86	May 86	05 03 86	\$5,390.00	05 22 86	(A)
Adaptors for Sprayers	25	N/A	N/A	08 14 86	Interacano	\$10,669.00	Taurus	Zimbabwe	11 18 86	11 26 86	March 87				(K)
Trucks 8 Ton	21	09 24 85	10 08 85	11 05 85	Interacano	\$571,484.31	Mercedes	W.Germany	12 17 85	01 21 86	July 86	07 30 86	\$571,484.31	08 11 86	(A)
Trucks 3-4 Ton	63	09 24 85	10 08 85	11 05 85	Interacano	\$529,200.00	C.Itoh	Japan	01 14 86	01 29 86	May 86	05 04 86	\$529,200.00	06 04 86	(A)
Fick - Up 800-1200 Kg	10	09 24 85	10 08 85	11 05 85	Interacano	\$44,000.00	C.Itoh	Japan	01 14 86	01 29 86	May 86	05 04 86	\$44,000.00	06 04 86	(A)
Isuzu Spare parts		09 24 85	10 08 85	11 05 85	Interacano	\$114,640.00	C.Itoh	Japan	01 14 86	01 29 86	May 86	06 15 86	\$91,914.31	06 28 86	(A)
Utility Vehicles 4x4	4	11 18 85	12 02 85	01 07 86	Interacano	\$40,400.00	Missho Iwai	Japan	07 14 86	07 30 86	Jan. 87	01 05 87	\$40,400.00	01 29 87	(A)
Motorcycles	25	06 20 86	06 30 86	07 07 86	Interacano	\$21,810.00	Hitsui	Japan	07 29 86	08 05 86	Dec 86	12 05 86	\$21,810.00	12 20 86	(A)
Bicycles	4000	11 21 85	12 30 85	01 10 86	F.Bicicletas	\$176,880.00	Roadmaster	India	05 15 86	05 27 86	August 86	10 01 86	\$176,680.00	10 12 86	(A)
Motorpumps, Deutz FIL210D	156	01 14 86	01 25 86	03 24 86	Earli	\$499,999.99	Deutz	S.Africa	06 10 86	06 16 86	Oct. 86	10 15 86	\$500,000.00	10 28 86	(A)
Trucks Spare Parts (Mitsubishi)	N/A	N/A	N/A	05 22 86	T.Industrial	\$101,109.55	Missho Iwai	Japan	06 23 86	07 21 86	Feb. 87	02 12 87	\$82,782.85		(A)
Trucks Spare Parts (Mercedes)	N/A	N/A	N/A	04 25 86	Entreposto	\$101,305.29	Mercedes	W.Germany	05 23 86	06 02 86	Sept. 86	09 25 86	\$97,963.89	10 12 86	(A)
Tractor Spare Parts (Ford)	N/A	N/A	N/A	05 22 86	T.Industrial	\$149,377.79	Ford	U.Kingdom	06 30 86	07 21 86	Nov. 86	11 22 86	\$135,821.46	12 15 86	(A)
Tractor Spare Parts (M.Ferguson)	N/A	N/A	N/A	01 21 86	Entreposto	\$13,029.16	Lucas Export	U.Kingdom	02 21 86	02 28 86	Jan. 87	01 12 87	\$12,161.42	01 28 87	(A)
Tractor Spare Parts (M.Ferguson)	N/A	N/A	N/A	01 21 86	Entreposto	\$66,512.00	M.Ferguson	Brazil	02 21 86	02 28 86	August 86	08 02 86	\$65,548.47	08 17 86	(A)
Tractor Spare Parts (M.Ferguson)	N/A	N/A	N/A	01 21 86	Entreposto	\$70,456.29	M.Ferguson	U.Kingdom	02 21 86	02 28 86	July 86	06 29 86	\$61,786.11	07 15 86	(A)
Fuel (Ton)	7000	03 25 86	04 06 86	06 15 86	Petrococ	\$913,390.21	Petronex	S.Africa	06 18 86	06 23 86	August 86	09 02 86	\$913,390.21	09 02 86	(A)

Samples of Monthly Reports.
Annex G

Mozambique
Commodity Import Program
656 X 601A (1985)
Implementation
USAID

-87-

BEST AVAILABLE DOCUMENT

AUTHORIZATION OF CIP PAAD : AUGUST 8, 1985.

COMMODITY	QTY	RFQ DATE	CLOSING DATE	AWARD DATE	IMPORTER	VALUE	SUPPLIER	COUNTRY	L/COM REQUESTED	L/COM ISSUED	E.T.A.	A.D.A	RELEASED VALUE ARRIVED	CUSTOMS	OTHER STATUS
Lubricants		07 25 86	08 05 86	10 24 86	Petrooc	\$86,609.78	Caltex	S.Africa	11 18 86	11 26 86	Feb. 87	02 05 87	\$86,609.78	02 20 87	(A)
Ring Hoes 900 grs.	63700	10 22 85	11 11 85	01 22 86	Tradimex	\$88,326.39	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$88,326.39	08 03 86	(A)
Ring Hoes 1100grs.	14000	10 22 85	11 11 85	01 22 86	Tradimex	\$22,518.38	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$22,518.38	08 03 86	(A)
Weeding Hoes 500 grs.	31000	10 22 85	11 11 85	12 28 85	Tradimex	\$32,463.35	Ziaplow	Zimbabwe	02 13 86	02 24 86	June 86	06 05 86	\$32,463.35	07 23 86	(A)
Garden Rakes, 12 Teeth	2000	10 22 85	11 11 85	01 22 86	Tradimex	\$1,464.25	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$1,464.25	08 03 86	(A)
Machete Straight	47200	10 22 85	11 11 85	01 22 86	Tradimex	\$64,400.35	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$64,400.35	08 03 86	(A)
Manure Fork, 4 Teeth	2000	10 22 85	11 11 85	01 22 86	Tradimex	\$10,480.00	Met. Pacetta	Brazil	02 19 86	02 24 86	July 86	07 04 86	\$10,480.00	08 03 86	(A)
Sickle	17000	10 22 85	11 11 85	01 22 86	Tradimex	\$15,086.20	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$15,086.20	08 03 86	(A)
Hatchet 1 3/4lbs, With Handle	13500	10 22 85	11 11 85	01 22 86	Tradimex	\$33,871.00	Met. Pacetta	Brazil	02 19 86	02 24 86	July 86	07 04 86	\$33,871.00	08 03 86	(A)
Hatchet 3 1/2lbs, With Handle	13500	10 22 85	11 11 85	01 22 86	Tradimex	\$56,151.00	Met. Pacetta	Brazil	02 19 86	02 24 86	July 86	07 04 86	\$56,151.00	08 03 86	(A)
Shovel, Pointed With Handle	3500	10 22 85	11 11 85	01 22 86	Tradimex	\$8,852.05	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$8,852.05	08 03 86	(A)
Shovel, Square With Handle	4500	10 22 85	11 11 85	01 22 86	Tradimex	\$11,381.22	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$11,381.22	08 03 86	(A)
Pickax With Handle	500	10 22 85	11 11 85	01 22 86	Tradimex	\$1,109.28	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$1,109.28	08 03 86	(A)
Pickax Without Handle	500	10 22 85	11 11 85	01 22 86	Tradimex	\$1,528.00	Met. Pacetta	Brazil	02 19 86	02 24 86	July 86	07 04 86	\$1,528.00	08 03 86	(A)
Saw, Hand Saw 20"	1000	10 22 85	11 11 85	01 22 86	Tradimex	\$2,164.00	Bonfio	Brazil	02 27 86	03 07 86	July 86	07 04 86	\$2,164.00	08 03 86	(A)
Saw, Frame	3600	10 22 85	11 11 85	01 22 86	Tradimex	\$19,510.00	Bonfio	Brazil	02 27 86	03 07 86	July 86	07 04 86	\$19,510.00	08 03 86	(A)
Blades for Saw	3000	10 22 85	11 11 85	01 22 86	Tradimex	\$3,670.00	Bonfio	Brazil	02 27 86	03 07 86	July 86	07 04 86	\$3,670.00	08 03 86	(A)
Saw, Frame	3600	10 22 85	11 11 85	01 22 86	Tradimex	\$17,582.96	Santista	Brazil	02 19 86	02 24 86	August 86	08 02 86	\$17,582.96	08 25 86	(A)
Blades for Saw	3000	10 22 85	11 11 85	01 22 86	Tradimex	\$4,237.24	Santista	Brazil	02 19 86	02 24 86	August 86	08 02 86	\$4,237.24	08 25 86	(A)
File, Flat 6"	500	10 22 85	11 11 85	12 28 85	Tradimex	\$487.91	Ziaplow	Zimbabwe	02 13 86	02 24 86	June 86	06 05 86	\$487.91	07 23 86	(A)
File, Parallel with handle	500	10 22 85	11 11 85	12 28 85	Tradimex	\$667.00	Bonfio	Brazil	02 27 86	03 07 86	July 86	07 04 86	\$667.00	08 03 86	(A)
Hammer	4000	10 22 85	11 11 85	01 22 86	Tradimex	\$7,099.39	Tramontina	Brazil	02 12 86	02 24 86	July 86	07 04 86	\$7,099.39	08 03 86	(A)
Plier 7"	1000	10 22 85	11 11 85	01 22 86	Tradimex	\$5,340.00	Bonfio	Brazil	02 27 86	03 07 86	July 86	07 04 86	\$5,340.00	08 03 86	(A)
Hinge for window	3000	10 22 85	11 11 85	01 22 86	Tradimex	\$158.00	Ferr. Haga	Brazil	02 19 86	02 24 86	July 86	07 04 86	\$158.00	08 03 86	(A)
Hinge for door	3000	10 22 85	11 11 85	01 22 86	Tradimex	\$452.00	Ferr. Haga	Brazil	02 19 86	02 24 86	July 86	07 04 86	\$452.00	08 03 86	(A)
Lock, Full Mortise	500	10 22 85	11 11 85	01 22 86	Tradimex	\$2,368.00	Ferr. Haga	Brazil	02 19 86	02 24 86	July 86	07 04 86	\$2,368.00	08 03 86	(A)
Lock, Surface mounted	3500	10 22 85	11 11 85	01 22 86	Tradimex	\$5,165.80	Ferr. Haga	Brazil	02 19 86	02 24 86	July 86	07 04 86	\$5,165.80	08 03 86	(A)
Padlock 5 pins	3000	10 22 85	11 11 85	01 22 86	Tradimex	\$8,442.15	Santista	Brazil	02 19 86	02 24 86	August 86	08 02 86	\$8,442.15	08 25 86	(A)
Padlock 6 pins	3000	10 22 85	11 11 85	01 22 86	Tradimex	\$14,005.65	Santista	Brazil	02 19 86	02 24 86	August 86	08 02 86	\$14,005.65	08 25 86	(A)
Watering Cans	1000	10 22 85	11 11 85	01 22 86	Tradimex	\$2,193.50	Lesuaa Trading	Botswana	02 19 86	02 24 86	August 86	09 15 86	\$2,193.50	09 26 86	(A)
Handsaws (UNDP)	53000	N/A	N/A	06 16 86	Agricom	\$89,570.00	Bonfio	Brazil	06 30 86	07 21 86	Dec. 86	12 22 86	\$89,570.00	01 15 87	(A)
Hammers (UNDP)	85000	N/A	N/A	06 16 86	Agricom	\$132,451.25	Tramontina	Brazil	06 30 86	07 21 86	Dec. 86	12 22 86	\$132,451.25	01 15 87	(A)
M-P-K 15-30-15 (ton)	2600	06 26 85	07 08 85	08 15 85	Interquialca	\$918,998.67	Woodward	U.States	N/A	08 27 85	October 85	10 04 85	\$904,743.84	10 20 85	(A)

Annex C
page 2/13

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BEST AVAILABLE DOCUMENT

AUTHORIZATION OF CIP PAAD : AUGUST 8, 1985.

COMMODITY	QTY	RFQ DATE	CLOSING DATE	AWARD DATE	IMPORTER	VALUE	SUPPLIER	COUNTRY	L/COM	L/COM	E.T.A.	A.D.A	VALUE ARRIVED	RELEASED	OTHER STATUS
									REQUESTED	ISSUED				CUSTOMS	
Urea (Ton)	2000	06 26 85	07 08 85	08 15 85	Interquaisca	\$559,417.98	Woodward	U.States	N/A	08 27 85	October 85	10 04 85	\$558,648.92	10 20 85	(A)
Ammonium Sulfate (Ton)	900	06 26 85	07 08 85	08 15 85	Interquaisca	\$218,262.51	Woodward	U.States	N/A	09 20 85	October 85	11 06 85	\$217,935.12	11 17 85	(A)
Urea (Ton)	525	10 15 85		11 06 85	Interquaisca	\$166,939.79	Vitol Buck	U.States	N/A	11 20 85	January 86	01 17 86	\$166,939.79	01 23 86	(A)
Fertilizer (2nd Tranche)				09 23 86	Interquaisca	\$409,150.00	Int. Raw Mat.	U. States	10 07 86	10 14 86	Dec. 86	12 18 86	\$409,150.00	12 28 86	(A)
Onion (Texas Grano)	1190	09 09 85	09 23 85	11 17 85	Interquaisca	\$17,216.47	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$17,216.47	05 22 86	(A)
Pumpkin (Sugar)	420	09 09 85	09 23 85	11 17 85	Interquaisca	\$2,193.54	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$2,193.54	05 22 86	(A)
Collard	900	09 09 85	09 23 85	11 17 85	Interquaisca	\$3,282.61	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$3,282.61	05 22 86	(A)
Cauliflower (Snowbal T 4 Medium)	100	09 09 85	09 23 85	11 17 85	Interquaisca	\$1,389.24	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$1,389.24	05 22 86	(A)
Tomato (Roma)	1130	09 09 85	09 23 85	11 17 85	Interquaisca	\$22,509.87	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$22,509.87	05 22 86	(A)
Lettuce (Great Lakes)	250	09 09 85	09 23 85	11 17 85	Interquaisca	\$3,342.54	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$3,342.54	05 22 86	(A)
Carrots (Chantenay)	550	09 09 85	09 23 85	11 17 85	Interquaisca	\$3,217.20	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$3,217.20	05 22 86	(A)
Bell Pepper (California Wonder)	350	09 09 85	09 23 85	11 17 85	Interquaisca	\$6,745.15	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$6,745.15	05 22 86	(A)
Cabbage (Gloria or K.Market)	660	09 09 85	09 23 85	11 17 85	Interquaisca	\$3,722.76	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$3,722.76	05 22 86	(A)
Cucumber (Ashley Long)	300	09 09 85	09 23 85	11 17 85	Interquaisca	\$2,365.89	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$2,365.89	05 22 86	(A)
Eggplant (Long Purple)	230	09 09 85	09 23 85	11 17 85	Interquaisca	\$4,180.27	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$4,180.27	05 22 86	(A)
Turnip (Purple White Globe)	50	09 09 85	09 23 85	11 17 85	Interquaisca	\$154.07	Arco Seed	U.States	11 27 85	12 23 85	May 86	05 16 86	\$154.07	05 22 86	(A)
Green Kale (Galega)	100	12 10 85	12 20 85	12 26 85	Interquaisca	\$411.00	Quimigai	Portugal	02 24 86	02 28 86	April 86	04 05 86	\$411.00	04 22 86	(A)
Butter Beans	175000	12 10 85	12 20 85	12 26 85	Interquaisca	\$222,250.00	Quimigai	Portugal	02 24 86	02 28 86	April 86	04 05 86	\$222,250.00	04 22 86	(A)
Black Eye Beans	25000	12 10 85	12 20 85	12 26 85	Interquaisca	\$25,250.00	Quimigai	Portugal	02 24 86	02 28 86	April 86	04 05 86	\$25,250.00	04 22 86	(A)
Chick-Peas	200	12 10 85	12 20 85	12 26 85	Interquaisca	\$326.00	Quimigai	Portugal	02 24 86	02 28 86	April 86	04 05 86	\$326.00	04 22 86	(A)
Kale Tronchuda	900	12 10 85	12 20 85	12 26 85	Interquaisca	\$4,437.00	Quimigai	Portugal	02 24 86	02 28 86	April 86	04 05 86	\$4,437.00	04 22 86	(A)
Corn (Kalabari White)	851000	08 15 85	08 30 85	09 05 85	Interquaisca	\$522,514.00	Seico	Swaziland	10 25 85	10 21 85	October 85	10 30 85	\$522,514.00	11 07 85	(A)
Garlic (Cannon White)	16713	12 10 85	12 20 85	12 26 85	Interquaisca	\$32,590.00	Firma TC	S.Africa	02 13 86	02 24 86	Febru. 86	02 11 86	\$32,590.13	02 26 86	(A)
Potato (EFI or Up to Date)	468000	12 10 85	12 20 85	12 26 85	Interquaisca	\$165,640.40	Firma TC	S.Africa	02 13 86	02 24 86	March 86	04 20 86	\$165,639.67	05 07 86	(A)
SEES kgs (2ND TRANCHE)															
Onion (White Lisbon)	180	07 23 86	08 08 86	08 22 86	Boror	\$4,026.32	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$4,026.32		(A)
Onion (Texas Grano)	480	07 23 86	08 08 86	08 22 86	Boror	\$38,113.78	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$38,113.78		(A)
Onion (Dessez PRR)	360	07 23 86	08 08 86	08 22 86	Boror	\$8,923.20	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$8,923.20		(A)
Onion (Red Creole)	480	07 23 86	08 08 86	08 22 86	Boror	\$10,736.85	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$10,736.85		(A)
Lettuce (New York)	120	07 23 86	08 08 86	08 22 86	Boror	\$1,450.93	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$1,450.93		(A)
Lettuce (Great Lakes)	120	07 23 86	08 08 86	08 22 86	Boror	\$2,090.65	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$2,090.65		(A)
Cabbage (Copenhagen Market)	240	07 23 86	08 08 86	08 22 86	Boror	\$1,701.54	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$1,701.54		(A)
Tomato (Marglobe)	240	07 23 86	08 08 86	08 22 86	Boror	\$8,415.37	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$8,415.37		(A)
Tomato (Canaan 35 VF)	120	07 23 86	08 08 86	08 22 86	Boror	\$3,990.05	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$3,990.05		(A)

Mozambique
Commodity Import Program
636 K 601A (1985)
Implementation
USAID

-89-

BEST AVAILABLE DOCUMENT

AUTHORIZATION OF CIP FVAD : AUGUST 8, 1985.

COMMODITY	QTY	RFQ DATE	CLOSING DATE	AWARD DATE	IMPORTER	VALUE	SUPPLIER	COUNTRY	L/COM	L/COM	E.T.A.	A.D.A	VALUE ARRIVED	RELEASED	OTHER STATUS
									REQUESTED	ISSUED				CUSTOMS	
Tomato (Campbell 37 VF)	120	07 23 86	08 08 86	08 22 86	Boror	\$3,990.05	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$3,990.05		(A)
Tomato (Roma)	240	07 23 86	08 08 86	08 22 86	Boror	\$7,689.91	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$7,689.91		(A)
Parsley (Virone v. Pungent)	60	07 23 86	08 08 86	08 22 86	Boror	\$616.64	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$616.64		(A)
Eggplant (Black Beauty)	120	07 23 86	08 08 86	08 22 86	Boror	\$2,684.21	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$2,684.21		(A)
Coriander	24	07 23 86	08 08 86	08 22 86	Boror	\$226.41	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$226.41		(A)
Green Bean (Contender)	60000	07 23 86	08 08 86	08 22 86	Boror	\$99,051.38	Arco Seed	U.States	10 16 86	10 27 86	March 87	03 06 87	\$99,051.38		(A)
Groundnuts (Matal Common)	360000	08 27 86	09 11 86	09 29 86	Boror	\$381,600.00	Saffola Seeds	S. Africa	10 16 86	10 27 86	Dec. 86	12 21 86	\$381,600.00	01 15 87	(A)
Corn (Kalahari Early Pearl)	78000	08 27 86	09 11 86	09 19 86	Boror	\$55,107.00	Seico	Swazi	10 16 86	10 27 86	Dec. 86	12 07 86	\$55,107.00	12 20 86	(A)
Corn (Kalahari DP)	16000	08 27 86	09 11 86	09 19 86	Boror	\$8,960.00	Pioneer	S. Africa	10 16 86	10 27 86	Dec. 86	12 05 86	\$8,960.00	12 20 86	(A)

SEEDS Kgs (Ord TRANCHE)

Tomato (Marglobe)	1500	10 10 86	10 17 86	11 12 86	Boror	\$27,795.00	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$27,795.00		(A)
Tomato (Roma)	1000	10 10 86	10 17 86	11 12 86	Boror	\$16,402.55	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$16,402.55		(A)
Onion (Texas Grano)	1000	10 10 86	10 17 86	11 12 86	Boror	\$17,853.82	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$17,853.82		(A)
Onion (Red Excel)	1000	10 10 86	10 17 86	11 12 86	Boror	\$14,719.01	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$14,719.01		(A)
Lettuce (Blue Lakes)	1000	10 10 86	10 17 86	11 12 86	Boror	\$18,353.82	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$18,353.82		(A)
Bell Pepper (Yolo Wonder)	500	10 10 86	10 17 86	11 12 86	Boror	\$9,808.68	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$9,808.68		(A)
Carrots (Chantenay Red)	500	10 10 86	10 17 86	11 12 86	Boror	\$5,449.38	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$5,449.38		(A)
Cucumber (Ambly Medium)	500	10 10 86	10 17 86	11 12 86	Boror	\$5,449.38	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$5,449.38		(A)
Cabbage (Copenhagen Market)	1500	10 10 86	10 17 86	11 12 86	Boror	\$10,626.29	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$10,626.29		(A)
Fenugreek (Rage)	500	10 10 86	10 17 86	11 12 86	Boror		Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87			(A)
Watermelon (Sugar Baby)	500	10 10 86	10 17 86	11 12 86	Boror	\$3,814.57	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$3,814.57		(A)
Eggplant	500	10 10 86	10 17 86	11 12 86	Boror	\$10,898.77	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$10,898.77		(A)
Tomato (Campbell 37)	500	10 10 86	10 17 86	11 12 86	Boror	\$9,263.95	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$9,263.95		(A)
Turnip (Mica Stone)	500	10 10 86	10 17 86	11 12 86	Boror	\$3,814.57	Cal Seed	U.States	12 01 86	12 12 86	March 87	03 06 87	\$3,814.57		(A)
Cabbage (100 Leaves)	100	10 10 86	10 17 86	11 12 86	Boror	\$515.12	Quisigal	Portugal	12 01 86	12 12 86	March 87				(K)
Kale (Salad)	1100	10 10 86	10 17 86	11 12 86	Boror	\$4,818.61	Quisigal	Portugal	12 01 86	12 12 86	March 87				(K)
Kale (Trocenda)	1150	10 10 86	10 17 86	11 12 86	Boror	\$8,125.28	Quisigal	Portugal	12 01 86	12 12 86	March 87				(K)
Cabbage (KK Cross)	300	10 10 86	10 17 86	11 12 86	Boror	\$48,300.00	Pop Friend	Holland	12 01 86	12 11 86	Jan. 87	01 13 87	\$48,300.00	01 19 87	(A)

SEEDS Kgs (NB TRANCHE)

Tomato Marglobe	100	11 27 86	12 15 86	01 14 87	Boror	\$3,683.35	Arco Seed	U.States	01 23 87	02 06 87	April 87				(B)
Tomato Campbell 37	400	11 27 86	12 15 86	01 14 87	Boror	\$14,014.83	Arco Seed	U.States	01 23 87	02 06 87	April 87				(B)
Tomato Roma	200	11 27 86	12 15 86	01 14 87	Boror	\$3,683.17	Arco Seed	U.States	01 23 87	02 06 87	April 87				(B)
Peanut Yolo Wonder	200	11 27 86	12 15 86	01 14 87	Boror	\$5,550.75	Arco Seed	U.States	01 23 87	02 06 87	April 87				(B)

Mozambique
Commodity Import Program
656 K 601A (1985)
Implementation
USAID

AUTHORIZATION OF CIP PAID : AUGUST 8, 1985.

COMMODITY	QTY	RFQ DATE	CLOSING DATE	AWARD DATE	IMPORTER	VALUE	SUPPLIER	COUNTRY	L/COM	L/COM	E.T.A.	RELEASED		OTHER STATUS
									REQUESTED	ISSUED		A.D.A	VALUE ARRIVED	
Carrot Chant. Red	200	11 27 86	12 15 86	01 14 87	Boror	\$2,139.45	Arco Seed	U.States	01 23 87	02 06 87	April 87			(B)
Melon Honey Dew	100	11 27 86	12 15 86	01 14 87	Boror	\$1,091.78	Arco Seed	U.States	01 23 87	02 06 87	April 87			(B)
Beet Detroit Nero	100	11 27 86	12 15 86	01 14 87	Boror	\$661.68	Arco Seed	U.States	01 23 87	02 06 87	April 87			(B)
Radish Cherry Bell	50	11 27 86	12 15 86	01 14 87	Boror	\$317.06	Arco Seed	U.States	01 23 87	02 06 87	April 87			(B)
Spinach Dizzie H.Savoy	100	11 27 86	12 15 86	01 14 87	Boror	\$616.85	Arco Seed	U.States	01 23 87	02 06 87	April 87			(B)
Broccoli Green Sprout	25	11 27 86	12 15 86	01 14 87	Boror	\$286.73	Arco Seed	U.States	01 23 87	02 06 87	April 87			(B)
Green Peas Canjoy	2000	11 27 86	12 15 86	01 14 87	Boror	\$2,540.41	Arco Seed	U.States	01 23 87	02 06 87	April 87			(B)
Green B. Contender	5080	11 27 86	12 15 86	01 14 87	Boror	\$7,223.54	Arco Seed	U.States	01 23 87	02 06 87	April 87			(B)
Wheat Seed (ton)	193.8	01 15 97	02 17 87	02 22 87	Boror	\$100,000.00	Jolando	S.Africa	03 10 87		April 87			(C)
Compeas Seed (ton)	310	10 18 86	10 29 86	23 12 86	Boror	\$123,690.00	Farstech	Zimbabwe			July 87			(C)
Zinc Sheets	63000	05 28 86	06 17 86	07 11 86	Diac	\$572,183.00	Consolidated	U.States	07 10 86	09 10 86	Feb 87	03 06 87	\$572,183.00	(K)
Screws & Washers	300000	05 28 86	06 17 86	07 11 86	Diac	\$19,332.00	Eng.Components	U.States	07 10 86	09 10 86	Dec. 86	12 05 86	\$19,033.00	01 10 87 (A)
Nylon for Tires				06 27 85	Mabor	\$999,997.30	General Tire	U.States	10 16 85	12 09 85	April 86	04 01 86	\$993,218.62	04 27 86 (A)
Natural Rubber for Boots		10 17 85	10 25 85	11 02 85	Facobol	\$132,815.00	I&P.Smith	Malaysia	12 12 85	01 21 86	June 86	07 02 86	\$132,815.00	07 18 86 (A)
PVC for Water Hose		03 27 86	04 05 86	04 14 86	Facobol	\$70,708.15	Enterplast	U.States	05 09 86	05 21 86	March 87			(2)
HDPE for Pipes		03 27 86	04 05 86	06 20 86	Facobol	\$92,148.43	Union Carbide	U.States	07 11 86	07 21 86	Nov. 86	12 05 86	\$92,148.42	01 10 87 (A)
Vehicles for T. assistance														
Entrepoto						\$62,000.00								
4WD Vehicles (3)														
2WD Vehicles (2)														
Mecanagrc						\$32,600.00								
Bus (32 Pass.) (1)														
2WD Vehicles (1)														
						\$11,995,282.98							\$11,475,068.33	
TOTAL ALLOCATED.....	\$12,500,000.00													
AWARDED.....	\$11,995,282.98			99.96%										
ARRIVED IN COUNTRY.....	\$11,475,068.33			95.63%										

- 90 -

BEST AVAILABLE DOCUMENT

Mozambique
 Commodity Import Program
 656 K 601A (1985)
 Implementation
 USAID

AUTHORIZATION OF CIP PAAD : AUGUST 8, 1985.
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COMMODITY	QTY	RFQ DATE	CLOSING DATE	AWARD DATE	IMPORTER	VALUE	SUPPLIER	COUNTRY	L/COM REQUESTED	L/COM ISSUED	E.T.A.	A.D.A	VALUE ARRIVED	RELEASED CUSTOMS	OTHER STATUS
BALANCE AVAILABLE.....		\$4,717.02	0.04%												

STATUS CODES
 =====

- (A) Arrived in country
- (B) L/Com issued
- (C) Awaiting L/Com
- (D) Awaiting Bank Approval
- (E) Awaiting Award
- (F) Awaiting Evaluation
- (G) Awaiting RFQ Deadline
- (H) Awaiting RFQ Finalization
- (I) Awaiting Proforma Invoice
- (J) Awaiting Shipping Information
- (K) Shipped but not arrived

MKS - INPLBS
 UPDATE:

12-Mar-87

BEST AVAILABLE DOCUMENT

- 91 -

BEST AVAILABLE DOCUMENT

L/COMMITMENT No.	COMMODITY	L/COM.VALUE	ISSUED BY	EXPENDED VALUE	SUPPLIER	COUNTRY	B.MOZAMBIQUE No.	L/COM DATE	FR No.	IMPORTER	EXPIRATION DATES
											SHIPPING PAYMENT
656 K 601A 01	Corn Kalahari Seed	\$522,514.00	AID/Swazi	\$522,514.00	Seico	Swazi	TOP 660/USAID/85	21-Oct-85	1	Interquinica	31-Oct-85 30-Nov-85
656 K 601A 02	M F K 15-30-15 & Urea	\$958,514.00	AID/M	\$958,455.46	Woodward	U.States	TOP 267/USAID/86	27-Aug-85	4	Interquinica	01-Sep-85 01-Oct-85
656 K 601A 03	CANCELLED		CANCELLED		CANCELLED						
656 K 601A 04	Freight (NPK,Urea & A.Sulfate)	\$610,705.92	AID/M	\$595,476.04	Lykes Bros.	U.States	TOP 267/USAID/86	27-Aug-85	4	Interquinica	01-Sep-85 01-Oct-85
656 K 601A 05	Insurance (NPK,Urea & A.Sulfate)	\$12,826.42	AID/M	\$12,826.42	Walford Trans.	U.States	TOP 267/USAID/86	27-Aug-85	4	Interquinica	N/A 01-Nov-85
656 K 601A 06	Amonium Sulfate	\$114,632.82	AID/M	\$114,570.99	Woodward	U.States	TOP 296/USAID/86	20-Sep-85	4	Interquinica	15-Oct-85 15-Nov-85
656 K 601A 07	Urea	\$82,330.50	AID/M	\$82,330.50	Vitol Buck	U.States	TOP 166/USAID/86	26-Nov-85	4	Interquinica	31-Dec-85 31-Jan-86
656 K 601A 08	Freight (Urea)	\$82,795.91	AID/M	\$82,596.92	Lykes Bros.	U.States	TOP 166/USAID/86	26-Nov-85	4	Interquinica	31-Dec-85 31-Jan-86
656 K 601A 09	Insurance (Urea)	\$1,257.86	AID/M	\$1,257.86	W.Transworld	U.States	TOP 166/USAID/86	26-Nov-85	4	Interquinica	31-Dec-85 31-Jan-86
656 K 601A 10	Wylon for Tires	\$99,958.44	AID/M	\$99,218.82	General Tire	U.States	TOP 166/USAID/86	26-Nov-85	4	Interquinica	N/A 28-Feb-86
656 K 601A 11	Vegetable Seeds	\$73,029.00	AID/M	\$70,319.61	Arco Seed	U.States	To Be Provided	09-Dec-85	4	Mabor	31-Mar-86 30-May-86
656 K 601A 12	Ford Tractors	\$864,800.00	AID/Swazi	\$857,825.00	Ford	U.States	To Be Provided	23-Dec-85	4	Interquinica	31-Dec-85 31-Mar-86
656 K 601A 13	Tractor Implements	\$183,734.29	AID/Swazi	\$180,176.99	Baldan	Brazil	TOP 814/USAID/85	21-Jan-86	1	Interquinica	30-Jun-86 31-Jul-86
656 K 601A 14	Natural Rubber	\$132,815.00	AID/Swazi	\$132,815.00	I & M Seith	Brazil	TOP 812/USAID/85	21-Jan-86	1	Interquinica	30-Jun-86 31-Jul-86
656 K 601A 15	Grain Shellers	\$62,520.00	AID/Swazi	\$61,263.16	Noqueira	Malawi	TOP 811/USAID/85	21-Jan-86	1	Faccol	30-Apr-86 31-May-86
656 K 601A 16	Mercedes Trucks	\$571,484.31	AID/Swazi	\$571,484.31	Mercedes Benz	Brazil	TOP 813/USAID/85	21-Jan-86	1	Interquinica	15-Apr-86 31-May-86
656 K 601A 17	Sprayers	\$30,560.00	AID/Swazi	\$29,830.95	Jacto	West Germany	TOP 828/USAID/85	21-Jan-86	3	Interquinica	15-Apr-86 31-May-86
656 K 601A 18	Trucks (Isuzu)	\$687,840.00	AID/Swazi	\$665,114.31	C.Itoh	Brazil	TOP 815/USAID/85	21-Jan-86	1	Interquinica	15-Apr-86 31-May-86
656 K 601A 19	CANCELLED		CANCELLED		CANCELLED		TOP 001/USAID/86	29-Jan-86	3	Interquinica	30-Apr-86 31-May-86
656 K 601A 20	Potato & Garlic Seed	\$198,230.40	AID/Swazi	\$198,230.40	Firaa TC	Japan	TOP 001/USAID/86	29-Jan-86	3	Interquinica	30-Apr-86 31-May-86
656 K 601A 21	Locks & Hinges	\$8,143.00	AID/Swazi	\$8,143.00	Ferragens Haga	S.Africa	TOP 103/USAID/86	24-Feb-86	1	Interquinica	30-Apr-86 31-May-86
656 K 601A 22	Watering Cans	\$2,193.50	AID/Swazi	\$2,193.50	Lesuna Trading	Brazil	TOP 130/USAID/86	24-Feb-86	1	Trasinox	30-Jun-86 31-Jul-86
656 K 601A 23	Hand Tools	\$102,030.00	AID/Swazi	\$101,906.00	Metalurgica Pacetta	Botswana	TOP 131/USAID/86	24-Feb-86	1	Trasinox	30-Jun-86 31-Jul-86
656 K 601A 24	Winnowing Machines	\$33,288.00	AID/Swazi	\$33,288.00	Triton SA	Brazil	TOP 132/USAID/86	24-Feb-86	1	Trasinox	30-Jun-86 31-Jul-86
656 K 601A 25	Hand Tools	\$220,237.50	AID/Swazi	\$220,237.50	Trasontina	Brazil	TOP 097/USAID/86	24-Feb-86	1	Interquinica	30-Jun-86 31-Jul-86
656 K 601A 26	Hand Tools	\$32,951.28	AID/Swazi	\$32,951.28	Ziaplw	Brazil	TOP 102/USAID/86	24-Feb-86	1	Trasinox	30-Jun-86 31-Jul-86
656 K 601A 27	Hand Tools	\$44,268.00	AID/Swazi	\$44,251.69	Santista Trading	Zimbabwe	TOP 096/USAID/86	24-Feb-86	1	Trasinox	15-May-86 15-Jun-86
656 K 601A 28	M.F. Spare Parts	\$13,029.16	AID/Swazi	\$12,161.42	Lucas Export Services	Brazil	TOP 106/USAID/86	24-Feb-86	1	Trasinox	31-Aug-86 30-Sep-86
656 K 601A 29	M.F. Spare Parts	\$70,456.29	AID/Swazi	\$61,786.00	Masser Ferguson	U. Kingdom	TOP 136/USAID/86	24-Feb-86	3	Entrepосто	31-May-86 30-Jun-86
656 K 601A 30	M.F. Spare Parts	\$66,512.00	AID/Swazi	\$65,548.47	Masser Perkins	U. Kingdom	TOP 137/USAID/86	28-Feb-86	3	Entrepосто	31-May-86 30-Jun-86
656 K 601A 31	Seeds (Beans, Chick Peas & Kale)	\$252,674.00	AID/Swazi	\$252,674.00	Quisegal	Brazil	TOP 138/USAID/86	28-Feb-86	3	Entrepосто	31-May-86 30-Jun-86
656 K 601A 32	Hand tools	\$31,351.00	AID/Swazi	\$31,351.00	Boffic	Portugal	TOP 142/USAID/86	28-Feb-86	1	Interquinica	31-Jul-86 30-Aug-86
656 K 601A 33	PVC	\$70,708.15	AID/Swazi	\$70,708.15	Enterrlast	Brazil	TOP 143/USAID/86	07-Mar-86	1	Trasinox	30-Jun-86 31-Jul-86
656 K 601A 34	Bicycles	\$176,880.00	AID/Swazi	\$176,880.00	Roadster	U.States	TOP 357/USAID/86	21-May-86	1	Faccol	31-Mar-87 30-Apr-87
656 K 601A 35	Mercedes Benz Spare Parts	\$101,305.29	AID/Swazi	\$97,963.89	Dazler Benz	India	TOP 352/USAID/86	27-May-86	1	F. Bicicletas	31-Aug-86 30-Sep-86
656 K 601A 36	Irrigation Equipment	\$500,000.00	AID/Swazi	\$500,000.00	Deut. Dieselpower	W.Germany	TOP 474/USAID/86	02-Jun-86	3	Entrepосто	31-Aug-86 30-Sep-86
656 K 601A 37	Gasoil	\$914,190.00	AID/Swazi	\$913,390.21	Petrorex	S.Africa	TOP 436/USAID/86	16-Jun-86	3	Earli	31-Aug-86 30-Sep-86
656 K 601A 38	Spare Parts Mitsubishi	\$101,110.55	AID/Swazi	\$82,782.85	Missho Iwai	S.Africa	TOP 554/USAID/86	23-Jun-86	2	Petrococ	31-Aug-86 30-Sep-86
656 K 601A 39	Spare Parts Ford	\$149,377.99	AID/Swazi	\$135,821.46	Ford Motor Corporation	Japan	TOP 539/USAID/86	21-Jul-86	3	T. Industrial	31-Jul-86 30-Nov-86
656 K 601A 40	Hand Tools	\$132,451.25	AID/Swazi	\$132,451.25	Trasontina	England	TOP 555/USAID/86	21-Jul-86	3	T. Industrial	30-Sep-86 31-Oct-86
						Brazil	TOP 605/USAID/86	21-Jul-86	1	Agricola	31-Oct-86 30-Nov-86

MOZAMBIQUE
Commodity Import Program
656 X 601A (1985)
L/Com's
USAID

BEST AVAILABLE DOCUMENT

L/COMMITMENT No.	COMMODITY	L/COM.VALUE	ISSUED BY	EXPENDED VALUE	SUPPLIER	COUNTRY	B.MOZAMBIQUE No.	L/COM DATE	FR No.	IMPORTER	EXPIRATION DATES	
											SHIPPING	PAYMENT
656 X 601A 41	Hand Tools	\$89,570.00	AID/Swazi	\$89,570.00	Bonfio	Brazil	TOP 606/USAID/86	21-Jul-86	1	Agricon	31-Oct-86	30-Nov-86
656 X 601A 42	HDPE For Irrigation Pipes	\$96,300.00	AID/Swazi	\$92,148.42	Union Carbide	U.States	TOP 651/USAID/86	21-Jul-86	1	Facobol	31-Oct-86	30-Nov-86
656 X 601A 43	Utility Vehicles	\$40,400.00	AID/Swazi	\$40,400.00	Missho Iwai	Japan	TOP 447/USAID/86	30-Jul-86	3	Intermecano	31-Oct-86	30-Nov-86
656 X 601A 44	Motorcycles	\$21,810.00	AID/Swazi	\$21,810.00	Mitsui	Japan	TOP 717/USAID/86	05-Aug-86	3	Intermecano	31-Oct-86	30-Nov-86
656 X 601A 45	Oxen Drawn Implements	\$49,411.76	AID/Swazi	\$49,411.76	Zioplw	Zimbabwe	TOP 718/USAID/86	05-Aug-86	1	Intermecano	31-Oct-86	30-Nov-86
656 X 601A 46	Oxen Carts	\$216,045.53	AID/Swazi		Turnpan	Zimbabwe	TOP 719/USAID/86	07-Aug-86	1	Intermecano	31-Oct-86	30-Nov-86
656 X 601A 47	Screws & Washers	\$19,332.00	AID/M	\$19,033.00	Eng. Components	U.States	To Be Provided	10-Aug-86	4	Diwac	15-Nov-86	15-Dec-86
656 X 601A 48	Zinc Sheets	\$572,183.00	AID/M	\$572,183.00	Consolidated	U.States	To Be Provided	10-Aug-86	4	Diwac	15-Nov-86	15-Dec-86
656 X 601A 49	Fertilizer (2nd Tranche)	\$409,150.00	AID/M	\$409,150.00	Int. Raw Material	U.States	To Be Provided	14-Oct-86	4	Interquimica	31-Oct-86	30-Nov-86
656 X 601A 50	Maize Kalahari Seed	\$55,107.00	AID/Swazi	\$55,107.00	Seico	Swaziland	TOP1124/USAID/86	27-Oct-86	3	Boror	30-Nov-86	31-Dec-86
656 X 601A 51	Groundnuts Seed	\$381,600.00	AID/Swazi	\$381,600.00	Saffola Seeds	S.Africa	TOP1119/USAID/86	27-Oct-86	3	Boror	30-Nov-86	31-Dec-86
656 X 601A 52	Maize Kalahari Seed	\$8,960.00	AID/Swazi	\$8,960.00	Pionecr Seed Company	S.Africa	TOP1121/USAID/86	27-Oct-86	3	Boror	30-Nov-86	31-Dec-86
656 X 601A 53	Vegetable Seeds (2nd tranche)	\$193,713.03	AID/Swazi	\$193,713.03	Arco Seed	U.States	TOP1120/USAID/86	27-Oct-86	3	Boror	30-Nov-86	31-Dec-86
656 X 601A 54	Lubricants	\$86,609.79	AID/Swazi	\$86,609.79	Caltex	S.Africa	TOP1284/USAID/86	26-Nov-86	2	Petroacc	31-Dec-86	31-Jan-87
656 X 601A 55	Sprayers Adaptors	\$10,669.00	AID/Swazi	\$10,669.00	Taurus	Zimbabwe	TOP1285/USAID/86	26-Nov-86	1	Intermecano	28-Feb-87	31-Mar-87
656 X 601A 56	Cabbage (Gallega + Tronchuda)	\$13,549.00	AID/Swazi		Quisigal	Portugal	TOP1358/USAID/86	12-Dec-86	3	Boror	31-Jan-87	28-Feb-87
656 X 601A 57	Vegetable Seeds (3rd tranche)	\$154,250.00	AID/Swazi	\$154,250.00	Cal Seed	U.States	TOP1359/USAID/86	12-Dec-86	3	Boror	31-Dec-86	31-Jan-87
656 X 601A 58	Cabbage KK Cross	\$48,300.00	AID/Swazi	\$48,300.00	POP Vriend	Holland	TOP1360/USAID/86	11-Dec-86	3	Boror	31-Dec-86	31-Jan-87
656 X 601A 59	Vegetable Seeds (4th tranche)	\$43,809.50	AID/Swazi		Arco seed	U.States	TOP0060/USAID/87	06-Feb-87	1	Boror	30-Apr-87	31-May-87
656 X 601A 60	Wheat Seed	\$100,000.00	AID/Swazi		Jolando	S.Africa	TOP0246/USAID/87		2	Boror		
	Cowpeas Seed	\$123,690.00	AID/Swazi		Faratech	Zimbabwe			1	Boror		

\$11,947,865.54

\$11,269,003.26

UPDATE: FEBRUARY 28, 1987
WKS - LCOMBS
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- 93 -

BEST AVAILABLE DOCUMENT

COMMODITY	SUPPLIER	COUNTRY	MODE	VESSEL NAME	FLAG	FREIGHT COST	VESEL FREIGHT COST	COST 000 FLAG	COST 933/941 FLAG/OTHER/VALUE	TONS	TONS 000 FLAG/933/941 FLAG/OTHER/TONS	TONS
N P K 15-30-15	Woodward	U.States		Loella Lykes	U.States	\$287,089.00	\$287,089.00	\$287,089.00		2609.060	2609.000	
Urea	Woodward	U.States		Loella Lykes	U.States	\$220,938.30	\$220,938.30	\$220,938.30		2008.530	2008.530	
Amosue Sulfate	Woodward	U.States		Stela Lykes	U.States	\$102,322.00	\$102,322.00	\$102,322.00		930.200	930.200	
Urea	Vitoli Duck	U.States		Shirley Lykes	U.States	\$83,351.43	\$83,351.43	\$83,351.43		525.000	525.000	
Corn Seed (Kalahari)	Saxco	Swaziland	Railway	N/A	N/A	\$25,480.25			\$25,480.25	851.000		851.000
Tractors 65 HP	Ford	Brazil		Goncalo	Brazil	\$66,678.45	\$66,678.45	\$66,678.45		248.727		248.727
Tractor Implements	Baldan	Brazil		Goncalo	Brazil	\$12,292.33	\$12,292.33	\$12,292.33		147.793		147.793
Grain Shellers	Moureira	Brazil		Goncalo	Brazil	\$7,592.80	\$7,592.80	\$7,592.80		29.925		29.925
Oxen Drawn Implements	Ziaplow	Zimbabwe	Railway	N/A	N/A	\$5,605.00			\$5,605.00	67.642		67.642
Oxen Carts	Turnpan	Zimbabwe	Railway	N/A	N/A							
Hand Grain Cleaners	Triton	Brazil		Celina Torrealba	Brazil	\$4,990.00	\$4,990.00	\$4,990.00		84.000		84.000
Sprayers	Jacto	Brazil		Goncalo	Brazil	\$2,979.86	\$2,979.86	\$2,979.86		6.191		6.191
Trucks - 8 Ton	Mercedes	Germany		Nacional Sagres	Panama	\$71,026.93	\$71,026.93	\$71,026.93		104.230		104.230
Trucks-3 Ton & Pick Up	C.Itoh	Japan		Vergelege	St.Vincent	\$120,700.00	\$120,700.00	\$120,700.00		153.580		153.580
Spare Parts Isuzu	C.Itoh	Japan		Morgenster	St.Vincent	\$1,979.03	\$1,979.03	\$1,979.03		4.451		4.451
Spare Parts Isuzu	C.Itoh	Japan		Vergelege	St.Vincent	\$121.89	\$121.89	\$121.89		1.449		1.449
Utility Vehicles 4x4	Missho Iwai	Japan		Constantia	St.Vincent	\$3,324.00	\$3,324.00	\$3,324.00		50.886		50.886
Motorcycles	Mitsui	Japan		Morgenster	St.Vincent	\$1,025.00	\$1,025.00	\$1,025.00		14.805		14.805
Bicycles	Roadmaster	India		Gold Leaf	Liberia	\$18,000.00	\$18,000.00	\$18,000.00		278.257		278.257
Irrigation Equip.	Deutz	S. Africa		Kolsnaren	Sweden	\$2,984.00	\$2,984.00	\$2,984.00		8.583		8.583
Tractor Spare Parts	Ford	U. Kingdom		Ronsard	French	\$3,486.91	\$3,486.91	\$3,486.91		29.297		29.297
Tractor Spare Parts	M. Ferguson	U. Kingdom		Ronsard	French	\$774.92	\$774.92	\$774.92		5.165		5.165
Tractor Spare Parts	Lucas Export	U. Kingdom		Kolsnaren	Sweden	\$250.00	\$250.00	\$250.00		1.981		1.981
Tractor Spare Parts	M. Ferguson	Brazil		Lloyd Marselha	Brazil	\$1,376.59	\$1,376.59	\$1,376.59		12.705		12.705
Tractor Spare Parts	M. Ferguson	Brazil		Lloyd Marselha	Brazil	\$223.75	\$223.75	\$223.75		1.544		1.544
Trucks Spare Parts	Mercedes	Germany		Nacional Setubal	Liberia	\$1,045.19	\$1,045.19	\$1,045.19		7.065		7.065
Trucks Spare Parts	Mitsubishi	Japan		Vergelege	St.Vincent	\$2,451.93	\$2,451.93	\$2,451.93		29.148		29.148
Hand Tools	Traontina	Brazil		Celina Torrealba	Brazil	\$20,139.01	\$20,139.01	\$20,139.01		154.960		154.960
Hand Tools	Santista Trading	Brazil		Lloyd Marselha	Brazil	\$2,444.12	\$2,444.12	\$2,444.12		16.592		16.592
Hand Tools	Met. Pacetta	Brazil		Celina Torrealba	Brazil	\$7,696.00	\$7,696.00	\$7,696.00		56.059		56.059
Hand Tools	Boefio	Brazil		Celina Torrealba	Brazil	\$965.20	\$965.20	\$965.20		5.036		5.036
Hand Tools	Ziaplow	Zimbabwe	Railway	N/A	N/A	\$1,403.91			\$1,403.91	17.729		17.729
Hand Tools/UNDP	Boefio	Brazil		Lloyd Marselha	Brazil	\$6,360.00	\$6,360.00	\$6,360.00		79.223		79.223
Hand Tools/UNDP	Traontina	Brazil		Lloyd Marselha	Brazil	\$10,360.25	\$10,360.25	\$10,360.25		112.470		112.470
Locks & Hinges	F. Haga	Brazil		Celina Torrealba	Brazil	\$207.50	\$207.50	\$207.50		2.779		2.779
Watering Cans	Lesua	Botswana	Truck	N/A	N/A	\$325.34			\$325.34	18.750		18.750
Vegetable Seeds	Arco Seed	U.States		Aer. Illinois	U.States	\$2,783.63	\$2,783.63	\$2,783.63		8.360		8.360
Vegetable Seeds (2nd tranche)	Arco Seed	U.States		Shirley Lykes	U.States	\$16,834.58	\$16,834.58	\$16,834.58		65.327		65.327
Vegetable Seeds (3rd tranche)	Cal Seed	U.States		Shirley Lykes	U.States	\$6,325.00	\$6,325.00	\$6,325.00		50.000		50.000
Vegetable Seeds (4th tranche)	Arco Seed											
Potato Seed	Firma TC	S. Africa	Truck	N/A	N/A	\$53,820.00			\$53,820.00	468.000		468.000

MOZAMBIQUE
 Commodity Import Program
 656 K 601A (1985)
 Shipping Sch.
 USAID

COMMODITY	SUPPLIER	COUNTRY	MODE	VESSEL NAME	FLAG	FREIGHT COST	VESSEL COST	VESSEL COST	COST			TONS	TONS			
									000	FLAG	935/941		FLAG	OTHER/VALUE	TONS	000
Garlic Seed	Firma TC	S.Africa	Truck	N/A	N/A	\$2,674.08					\$2,674.08	16.713				16.713
Beans & Kale Seed	Ruizigal	Portugal		Malange	Portugal	\$19,810.00	\$19,810.00		\$19,810.00			141.941			141.941	
Beans & Kale Seed	Ruizigal	Portugal		Macional Setubal	Liberia	\$8,433.00	\$8,433.00		\$8,433.00			60.240			60.24	
Cabbage KK Cross	POP Friend	Holland	Airfreight	N/A	N/A	\$2,300.00					\$2,300.00	0.501				0.501
Groundnut Seed	Saffola	S.Africa	Truck	N/A	N/A	\$18,000.00					\$18,000.00	360.000				360.000
Zinc Sheets	Consolidated	U.States		American Falcon	U.States	\$51,000.00	\$51,000.00	\$51,000.00				267.553			267.553	
Zinc Sheets	Consolidated	U.States		American Condor	U.States	\$54,000.00	\$54,000.00	\$54,000.00				314.049			314.049	
Diesel Fuel	Petronex	S.Africa	al	N/A	N/A											
Screws For Z. Sheets	Eng. Components	U.States		Zella Lyker	U.States	\$1,702.19	\$1,702.19	\$1,702.19				6.003			6.003	
Nylon For Tyres	General Tire	U.States		Amer. Envoy	U.States	\$60,980.23	\$60,980.23	\$60,980.23				206.686			206.686	
Nylon For Tyres	General Tire	U.States		American Main	U.States	\$323.69	\$323.69	\$323.69				1.926			1.926	
Nylon For Tyres	General Tire	U.States		Alabama	U.States	\$12,368.00	\$12,368.00	\$12,368.00				44.491			44.491	
Natural Rubber	I.M & Smith	Malaysia		Eold Leaf	Liberia	\$10,965.00	\$10,965.00		\$10,965.00			137.200			137.200	
HDPE For Irr. Pipes	Union Carbide	U.States		Zonila Lykes	U.States	\$17,724.38		\$17,724.38				99.840			99.840	
PVC	Enterplast	U.States														
TOTAL VALUE						\$1,437,980.67	\$1,310,647.71	\$917,742.43	\$410,683.66	\$109,462.58						
TOTAL TONS								63.822	28.562	7.621	10924.032	7136.965	1986.282	1836.335	65.332	18.482

a) South Africa Flag Vessel, freight financed by the importer

UPDATE.

12-Mar-87

MKS - 85SHIPP

BEST AVAILABLE DOCUMENT

- 95 -

Annex G
 page 10/13

USAID
 Commodity Import Program
 636 X 601A (1985)
 Financing Requests
 MOZAMBIQUE

AMOUNT SUPPLIED COUNTRY AID REF. DATE B.M./TRANSACTION No. CABLE REF. DATE L/COM DATE IMPORTER

FINANCING REQUEST No. 1 (AID GEOGRAPHIC CODE 941)

 ALLOCATED \$4,308,717.00

DECREASE

Amendment No. 1 (To FR 4)	\$60,000.00
Amendment No. 2 (To FR 3)	\$500,000.00
Amendment No. 3 (To FR 3)	\$12,225.59
Amendment No. 4 (To FR 3)	\$21,426.23
TOTAL	\$3,715,065.18

BEST AVAILABLE DOCUMENT

OBLIGATIONS

L/Com no. 656 K 601A 01	Corn Seed	\$522,514.00	Swico	Swaziland	Telex	10-Sep-85	TCP 660/USAID/86	2922	04-Oct-85	21-Oct-85	Intermecano
L/Com no. 656 K 601A 12	Ford Tractors	\$864,800.00	Ford	Brazil	85/292	20-Nov-85	TCP 814/USAID/85	3579	12-Dec-85	21-Jan-86	Intermecano
L/Com no. 656 K 601A 13	Tractor Implements	\$183,734.29	Baldan	Brazil	85/285	15-Nov-85	TCP 812/USAID/85	3580	12-Dec-85	21-Jan-86	Intermecano
L/Com no. 656 K 601A 14	Natural Rubber	\$132,815.00	IM Smith	Malawi	85/246	02-Nov-85	TCP 811/USAID/85	3581	12-Dec-85	21-Jan-86	Faccool
L/Com no. 656 K 601A 15	Brain Shellers	\$62,520.00	Nogueira	Brazil	85/293	20-Nov-85	TCP 813/USAID/85	3582	12-Dec-85	21-Jan-86	Intermecano
L/Com no. 656 K 601A 17	Sprayers	\$30,560.00	Jacto	Brazil	85/294	20-Nov-85	TCP 815/USAID/85	3583	12-Dec-85	21-Jan-86	Intermecano
L/Com no. 656 K 601A 20	Potato & Garlic Seed	\$198,230.40	Firma TC	S. Africa	86/039	22-Jan-86	TCP 103/USAID/86	0397	13-Feb-86	24-Feb-86	Intermecano
L/Com no. 656 K 601A 21	Locks & Hinges	\$9,143.00	Ferrages Maga	Brazil	86/079	02-Dec-85	TCP 130/USAID/86	0462	19-Feb-86	24-Feb-86	Tracissex
L/Com no. 656 K 601A 22	Watering Cans	\$2,193.50	Lesuna	Botswana	86/078	02-Dec-85	TCP 131/USAID/86	0463	19-Feb-86	24-Feb-86	Tracissex
L/Com no. 656 K 601A 23	Hand Tools	\$102,030.00	Metali. Pacceta	Brazil	86/077	02-Dec-85	TCP 132/USAID/86	0465	19-Feb-86	24-Feb-86	Tracissex
L/Com no. 656 K 601A 24	Winnowing Machines	\$33,288.00	Triton	Brazil	85/311	06-Dec-85	TCP 097/USAID/85	0305	05-Feb-86	24-Feb-86	Intermecano
L/Com no. 656 K 601A 25	Hand Tools	\$220,237.50	Tramontina	Brazil	86/063	30-Jan-86	TCP 102/USAID/86	0392	12-Feb-86	24-Feb-86	Tracissex
L/Com no. 656 K 601A 26	Hand Tools	\$32,951.28	Zimlow	Zimbabwe	86/049	23-Jan-86	TCP 096/USAID/86	0396	13-Feb-86	24-Feb-86	Tracissex
L/Com no. 656 K 601A 27	Hand Tools	\$44,268.00	Santista	Brazil	86/070	04-Feb-86	TCP 106/USAID/86	0464	19-Feb-86	24-Feb-86	Tracissex
L/Com no. 656 K 601A 31	Hand Tools (Portugal)	\$252,674.00	Quiniscal	Portugal	86/060	30-Jan-86	TCP 142/USAID/86	0515	24-Feb-86	28-Feb-86	Intermecano
L/Com no. 656 K 601A 32	Hand Tools	\$31,351.00	Bonfim	Brazil	86/059	04-Feb-86	TCP 143/USAID/86	0557	27-Feb-86	28-Feb-86	Tracissex
L/Com no. 656 K 601A 33	PVC	\$70,708.15	Enterolast Inc	U.States	86/206	23-Apr-86	TCP 357/USAID/86	1361	09-May-86	21-May-86	Faccool
L/Com no. 656 K 601A 34	Bicycles	\$176,880.00	Roadmaster	India	86/074	23-Mar-86	TCP 352/USAID/86	1391	15-May-86	27-May-86	F. Bicicletas
L/Com no. 656 K 601A 40	Hand Tools/UNCP	\$132,451.25	Tramontina	Brazil	86/300	16-Jun-86	TCP 605/USAID/86	1941	05-Jul-86	21-Jul-86	Agricola
L/Com no. 656 K 601A 41	Hand Tools/UNCP	\$89,576.00	Bonfim	Brazil	86/301	16-Jun-86	TCP 606/USAID/86	1842	05-Jul-86	21-Jul-86	Agricola
L/Com no. 656 K 601A 42	HDPE for Pipes	\$96,000.00	Union Caroi de	U.States	86/315	20-Jun-86	TCP 651/USAID/86	1929	11-Jul-86	21-Jul-86	Faccool
L/Com no. 656 K 601A 45	Oxen Drawn Implements	\$49,411.76	Zimlow	Zimbabwe	86/374	10-Jul-86	TCP 719/USAID/86	2122	29-Jul-86	05-Aug-86	Intermecano
L/Com no. 656 K 601A 46	Oxen Carts	\$216,045.53	Turnpan	Zimbabwe	86/377	14-Jul-86	TCP 719/USAID/86	2158	31-Jul-86	07-Aug-86	Intermecano
L/Com no. 656 K 601A 55	Adaptors for Sprayers	\$10,669.00	Taurus	Zimbabwe	86/426	14-Aug-86	TCP1285/USAID/86	3693	18-Nov-86	26-Nov-86	Intermecano
L/Com no. 656 K 601A 59	Compea Seed	\$123,690.00	Faratech	Zimbabwe	87/028	15-Jan-87					Borcr
L/Com no. 656 K 601A 59	Vegetable Seeds (4th tranche)	\$43,809.60	Arco Seed	U.States	87/027	15-Jan-87	TCP0606/USAID/87	318	23-Jan-87	06-Feb-87	Borcr

TOTAL OBLIGATED \$3,731,545.26

26

AVAILABLE \$30.00

- 96 -

	AMOUNT	SUPPLIER	COUNTRY	AID REF.	DATE	B.N./TRANSACTION No.	CABLE REF.	DATE	L/COM DATE	IMPORTER
FINANCING REQUEST No.2 (AID GEOGRAPHIC CODE 899)										
=====										
ALLOCATED	\$1,000,000.00									
OBLIGATIONS										
L/Com no.656 K 601A 37	\$913,395.21	Petronex	S. Africa	B6/298	16-Jun-86	TOP 554/USAID/86	1707	18-Jun-86	23-Jun-86	Petromoc
L/Com no.656 K 601A 54	\$86,609.79	Caltex	S. Africa	B6/584	30-Oct-86	TOP1284/USAID/86	3677	18-Nov-86	26-Nov-86	Petromoc
TOTAL OBLIGATED	\$1,000,000.00									
AVAILABLE	\$0.00									

2

FINANCING REQUEST No.3 (AID GEOGRAPHIC CODE 899)

=====

ALLOCATED.....	\$1,811,108.00									
INCREASE										
Amendment No. 1 (From FR 1)	\$500,000.00									
Amendment No. 2	\$1,012,225.59									
Amendment No. 3 (From FR 1)	\$21,426.23									
Amendment No. 4 (From FR 4)	\$28,757.37									
TOTAL	\$3,373,517.19									

BEST AVAILABLE DOCUMENT

	AMOUNT	SUPPLIER	COUNTRY	AID REF.	DATE	B.N./TRANSACTION No.	CABLE REF.	DATE	L/COM DATE	IMPORTER
OBLIGATIONS										
L/Com no.656 K 601A 16	\$571,484.31	Mercedes	M.Germany	95/303	29-Nov-85	TOP 828/USAID/85	3637	17-Dec-85	21-Jan-86	Intermecano
L/Com no.656 K 601A 18	\$687,840.00	C. Itoh	Japan	85/318	17-Dec-85	TOP 001/USAID/86	0132	14-Jan-86	29-Jan-86	Intermecano
L/Com no.656 K 601A 28	\$13,029.16	Lucas Export	U. Kingdom	86/044	22-Jan-86	TOP 136/USAID/86	0499	22-Feb-86	28-Feb-86	Entrepoto
L/Com no.656 K 601A 29	\$70,456.29	M.Ferguson	U. Kingdom	86/042	22-Jan-86	TOP 137/USAID/86	0500	22-Feb-86	28-Feb-86	Entrepoto
L/Com no.656 K 601A 30	\$66,512.00	M.Ferguson	Brazil	86/043	22-Jan-86	TOP 138/USAID/86	0501	22-Feb-86	28-Feb-86	Entrepoto
L/Com no.656 K 601A 35	\$101,305.29	Mercedes Benz	M.Germany	86/213	25-Apr-86	TOP 436/USAID/86	1474	23-May-86	02-Jun-86	Entrepoto
L/Com no.656 K 601A 36	\$509,000.00	Guetz Dieselpows.	S. Africa	86/153	14-Apr-86	TOP 474/USAID/86	1624	10-Jun-86	16-Jun-86	Earli
L/Com no.656 K 601A 38	\$101,110.55	Nissho Iwai	Japan	86/282	05-Jun-86	TOP 539/USAID/86	1734	23-Jun-86	21-Jul-86	T.Industrial
L/Com no.656 K 601A 39	\$149,377.99	Ford	U. Kingdom	86/291	10-Jun-86	TOP 555/USAID/86	1806	30-Jun-86	21-Jul-86	T.Industrial
L/Com no.656 K 601A 43	\$40,400.00	Nissho Iwai	Japan	86/224	02-May-86	TOP 447/USAID/86	1989	15-Jul-86	30-Jul-86	Intermecano
L/Com no.656 K 601A 44	\$21,810.00	Hitsu	Japan	86/375	10-Jul-86	TOP 717/USAID/86	2121	29-Jul-86	05-Aug-86	Intermecano
L/Com no.656 K 601A 50	\$53,107.00	Ezico	Swaziland	86/499	18-Sep-86	TOP1124/USAID/86	3125	16-Oct-86	27-Oct-86	Boror
L/Com no.656 K 601A 51	\$381,600.00	Saffola Seeds	S. Africa	86/522	29-Sep-86	TOP1119/USAID/86	3126	16-Oct-86	27-Oct-86	Boror
L/Com no.656 K 601A 52	\$8,950.00	Pioneer	S. Africa	86/499	18-Sep-86	TOP1121/USAID/86	3127	16-Oct-86	27-Oct-86	Boror
L/Com no.656 K 601A 53	\$193,713.03	Arco Seed	U.States	86/500	18-Sep-86	TOP1120/USAID/86	3129	16-Oct-86	27-Oct-86	Boror
L/Com no.656 K 601A 56	\$13,549.00	Quinagal	Portugal	86/630	25-Nov-86	TOP1358/USAID/86	3869	01-Dec-86	12-Dec-86	Boror
L/Com no.656 K 601A 57	\$154,250.00	Cal Seed	U.States	86/631	25-Nov-86	TOP1359/USAID/86	3870	01-Dec-86	12-Dec-86	Boror
L/Com no.656 K 601A 58	\$48,300.00	Pop Vriend	Holland	86/632	25-Nov-86	TOP1360/USAID/86	3871	01-Dec-86	11-Dec-86	Boror
	\$100,000.00	Jolando	S.Africa	87/102	24-Feb-87	TOP0246/USAID/87	854	27-Feb-87		Boror
										Boror

19

-97-

Capacity Import Program
 456 K 601A (1985)
 Financing Requests
 MOZAMBIQUE

FINANCING REQUEST No.4 (AID GEOGRAPHIC CODE 000)	AMOUNT	SUPPLIER	COUNTRY	AID REF.	DATE	B.N./TRANSACTION No.	CABLE REF.	DATE	L/COM DATE	IMPORTER
ALLOCATED.....	\$3,880,175.00									
INCREASE										
Amendment No. 1 (From FR 1)	\$60,000.00									
DECREASE										
Amendment No. 2 (To FR 3)	\$28,757.37									
TOTAL	\$3,911,417.63									
OBLIGATIONS										
L/Com no.656 K 601A 02	\$958,514.00	Woodward	U.States	N/A	N/A	TOP 267/USAID/86	N/A	N/A	27-Aug-85	Interquimica
L/Com no.656 K 601A 04	\$610,705.92	Lykes	U.States	N/A	N/A	TOP 267/USAID/86	N/A	N/A	27-Aug-85	Interquimica
L/Com no.656 K 601A 05	\$12,826.42	Malford	U.States	N/A	N/A	TOP 267/USAID/86	N/A	N/A	27-Aug-85	Interquimica
L/Com no.656 K 601A 06	\$114,632.82	Woodward	U.States	N/A	N/A	TOP 296/USAID/86	N/A	N/A	20-Sep-85	Interquimica
L/Com no.656 K 601A 07	\$82,330.50	Vitol Buck	U.States	N/A	N/A	TOP 166/USAID/86	N/A	N/A	26-Nov-85	Interquimica
L/Com no.656 K 601A 08	\$82,795.91	Lykes	U.States	N/A	N/A	TOP 166/USAID/86	N/A	N/A	26-Nov-85	Interquimica
L/Com no.656 K 601A 09	\$1,257.86	Malford	U.States	N/A	N/A	TOP 166/USAID/86	N/A	N/A	26-Nov-85	Interquimica
L/Com no.656 K 601A 10	\$999,958.44	General Tire	U.States	N/A	N/A	To be Provided	N/A	N/A	09-Dec-85	Masor
L/Com no.656 K 601A 11	\$73,029.00	Arco Seed	U.States	N/A	N/A	To be Provided	N/A	N/A	23-Dec-85	Interquimica
L/Com no.656 K 601A 48	\$572,183.00	Consolidated	U.States	N/A	N/A	To be Provided	N/A	N/A	10-Sep-86	Diac
L/Com no.656 K 601A 47	\$19,332.00	Eng. Components	U.States	N/A	N/A	To be Provided	N/A	N/A	10-Sep-86	Diac
L/Com no.656 K 601A 49	\$409,150.00	Int. Raw Material	U.States	N/A	N/A	To be Provided	N/A	N/A	14-Oct-86	Interquimica
TOTAL OBLIGATED.....	\$3,936,715.87									
AVAILABLE.....	(\$.00)									

UPDATE:

12-Mar-87

BEST AVAILABLE DOCUMENT

- 98 -

WAIVERS

- A. The following waivers are to be approved by the AAO/Maputo following PAAD authorization.
1. Bicycles and related spare parts from Code 941 sources (\$200,000);
 2. Natural rubber from Code 941 sources (\$100,000);
 3. Motorcultivators, spare parts, and related implements from Code 941 sources (\$135,000);
 4. Tractors and related implements from Code 941 sources (\$1,070,000);
 5. Irrigation pump sets and accessories from Code 899 sources (\$500,000);
 6. Spare parts for agricultural trucks, tractors, motorcultivators, and agricultural equipment from Code 899 sources (\$615,000);
 7. Diesel fuel and lubricants from Code 899 sources (\$1,000,000); and
 8. Seeds from Code 899 sources (\$1,420,000).
- B. The following waivers have been approved by AID/Washington:
1. Eight ton truck from Code 899 sources (\$950,000); and
 2. World wide blanket right-hand-drive light vehicle waiver which covers 3-ton trucks, pickup trucks and motorcycles from Code 899 sources (\$790,000).

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

FROM: Judi A. Shane *JS*
Commodity Management Officer
AAO/Maputo

SUBJECT: Private Sector Rehabilitation IV, Commodity Import
Program (656-K-601C): Bicycles

Problem

Your approval is required for a waiver to permit the financing of bicycles and related spare parts from A.I.D. Geographic Code 941 (Selected Free World) sources.

- (A) Cooperating Country: Mozambique
- (B) Authorizing Document: Program Agreement
- (C) Program: Private Sector Rehabilitation IV
(Commodity Import Program)
- (D) Nature of Funding: ESF Grant 656-K-601C
- (E) Description
of Commodities: Bicycles and Related Spare Parts
- (F) Approximate Value: \$200,000
- (G) Probable Source: A.I.D. Geographic Code 941
(Brazil, India, Taiwan)
- (H) Probable Origin: A.I.D. Geographic Code 941
(Brazil, India, Taiwan)

Discussion

The Private Sector Rehabilitation (PSR) IV Program continues the agricultural support initiated in Fiscal Year 1984. This is essentially a Commodity Import Program being implemented under the rules of AID Regulation I.

This program is the fourth phase in AID's continued support to the GPRM to promote private sector development by providing resources which will help these new policies succeed, and encourage further movement toward a market economy. The purpose of the PSR IV is to continue this support to the private agricultural sector by providing foreign exchange for production inputs needed by private commercial and family farmers that otherwise would not be available due to Mozambique's critical economic situation.

Waiver Control No. 656-601C-06

Page 2

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

As part of the integrated package of inputs, there is still a critical need for additional modes of transport for the peasant farmer, who cultivates small areas of land and needs an appropriate mode of transport to travel to the plots, carry in small quantities of inputs, such as seeds, a sack of fertilizer from time to time, and hand tools. Such plots do not warrant a mechanized means of transport, and in some cases, these plots may not be accessible by any means other than bicycle, mule or by foot. Bicycles are also needed for family farmers to transport small amounts of produce to rural markets for sale to urban wholesalers and retailers. The type of bicycle required, to be suitable for the rural conditions in the target zones, and constructed in such a way as to be easily maintained by the buyer with the tool kit supplied by the manufacturer, with a frame size of 22 to 24 inches, and a wheel size of 28 inches, 1 1/2 inches thick, is not manufactured in the United States. This has been amply demonstrated by AID/Washington, Office of Procurement, on behalf of USAID/Kampala, where there have been two tenders released within the past five years for agricultural programs in Uganda.

Handbook I, Supplement B, Chapter 5B4A(2) specifies that the authorized source and origin of commodities may be expanded when "the commodity is not available from countries or areas included in the authorized geographic code". This is the case, as this type of equipment, with related spare parts, to be used in southern Mozambique by the private family farmer is not available from the United States.

Under the Mozambique Ad Hoc Delegation of Authority from AA/AFR, dated December 23, 1986 (State 397080), the AID Affairs Officer in Mozambique has full implementation authority (i.e., equivalent to Schedule A implementation authority under Delegation of Authority 551) to waive source and origin requirements up to a value of \$5 million, with appropriate legal and technical officer review. Such clearances have been provided by the Regional Legal Officer in Mbabane, as indicated, below, and by the Commodity Management Officer, AAO/Maputo (as represented herein).

-101-

Waiver Control No. 656-601C-06

Page 3

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

Recommendation

That, based upon the above discussion and justification, you:

- (A) waive the source and origin requirements for bicycles from A.I.D. Geographic Code 000 (United States only) to A.I.D. Geographic Code 941 (Selected Free World), and
- (B) approve the attached cable informing AFR/PD and M/SER/OP of this waiver.

Approved: _____

Disapproved: _____

Date: March __, 1987

C1: RLA/SA D. Keene (draft) Date 3/3/87
PDO/USAID/Mbabane *[Signature]* Date 3/13/87

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

FROM: Judi A. Shane
Commodity Management Officer
AAO/Maputo

SUBJECT: Private Sector Rehabilitation IV, Commodity Import
Program (656-K-601C): Natural Rubber

Problem

Your approval is required for a waiver to permit the financing of natural rubber from A.I.D. Geographic Code 941 (Selected Free World) sources.

(A) Cooperating Country:	Mozambique
(B) Authorizing Document:	Program Agreement
(C) Program:	Private Sector Rehabilitation IV (Commodity Import Program)
(D) Nature of Funding:	ESF Grant 656-K-601C
(E) Description of Commodities:	Natural Rubber
(F) Approximate Value:	\$100,000
(G) Probable Source:	A.I.D. Geographic Code 941 (Malaysia or Brazil)
(H) Probable Origin:	A.I.D. Geographic Code 941 (Malaysia or Brazil)

Discussion

The Private Sector Rehabilitation (PSR) IV Program continues the support to the agricultural sector initiated in Fiscal Year 1984. This is essentially a Commodity Import Program being implemented under the rules of AID Regulation I.

As in the previous two programs, allocations for the importation of raw materials have been made to some well-run, private sector factories in the Maputo area to produce agricultural inputs that are needed by the private family and commercial farmers in the target areas. One of these items is rubber boots that are required for working in the fields.

FACOBOL is the factory that has received allocations during the previous two years for the importation of natural rubber for the manufacture of boots. The need for boots by the target population has not yet been completely met by the two previous production runs. In addition, boots have to be replaced every three to four years.

Waiver Control No. 656-601C-05

Page 2

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

For PSR II and PSR III the allocations for natural rubber were covered under the blanket source and origin Code 941 waivers approved by AA/AFR on July 19, 1985 and May 16, 1986, respectively. This item has been included in Code 941 waivers in the past since it is not available from the United States.

Handbook I, Supplement B, Chapter 5B4A(2) specifies that the authorized source and origin of commodities may be expanded when "the commodity is not available from countries or areas included in the authorized geographic code". This is the case with natural rubber, which is not grown or produced in the United States:

Under the Mozambique Ad Hoc Delegation of Authority from AA/AFR, dated December 23, 1986 (State 397080), the AID Affairs Officer in Mozambique has full implementation authority (i.e., equivalent to Schedule A implementation authority under Delegation of Authority 551) has the authority to waive source and origin requirements up to a value of \$5 million, with appropriate legal and technical officer review. Such clearances have been provided by the Regional Legal Officer in Mbabane, as indicated, below, and by the Commodity Management Officer, AAO/Maputo (as represented herein).

Recommendation

That, based upon the above discussion and justification, you:

- (A) waive the source/origin requirements for the procurement of natural rubber from A.I.D. Geographic Code 000 (United States only) to A.I.D. Geographic Code 941 (Selected Free World), to the extent that the product is not available from the United States, and
- (B) approve the attached cable informing AFR/PD and M/SER/OP of this waiver.

Approved: _____

Disapproved: _____

Date: March __, 1987

Cl: RLA/SA D. Keene (Draft) Date 3/3/87
PDO/USAID/Mbabane *D. Keene* Date 3/13/87

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

FROM: Judi A. Shane
Commodity Management Officer
AAO/Maputo

SUBJECT: Private Sector Rehabilitation IV, Commodity
Import Program (656-K-601C): Motorcultivators

Problem

Your approval is required for a waiver to permit the financing of motorcultivators, spare parts and related implements from A.I.D. Geographic Code 941 (Selected Free World) sources.

(A) Cooperating Country:	Mozambique
(B) Authorizing Document:	Program Agreement
(C) Program:	Private Sector Rehabilitation IV (Commodity Import Program)
(D) Nature of Funding:	ESF Grant 656-K-601C
(E) Description of Commodities:	Motorcultivators, Spare Parts and Related Implements
(F) Approximate Value:	\$135,000
(G) Probable Source:	A.I.D. Geographic Code 941 (Brazil, Zimbabwe)
(H) Probable Origin:	A.I.D. Geographic Code 941 (Brazil, Zimbabwe)

Discussion

The Private Sector Rehabilitation (PSR) IV Program continues the support to the agricultural sector initiated in Fiscal Year 1984. This is essentially a Commodity Import Program being implemented under the rules of AID Regulation I.

This program is the fourth phase in AID's continued support to the GPRM to promote private sector development by providing resources which will help these new policies succeed, and encourage further movement toward a market economy. The purpose of the PSR IV is to continue this support to the private agricultural sector by providing foreign exchange for production inputs needed by private commercial and family farmers that otherwise would not be available due to Mozambique's critical economic situation.

Waiver Control No. 656-601C-02

Page 2

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

As part of the integrated package of inputs, there is still a critical need for additional appropriate agricultural machinery, related implements, and spare parts. Motorcultivators, a small tractor-like machine, with a range of twelve to fifteen horsepower, have been imported under two previous CIPs, for use on truck farms in the "Green Zones" around the city of Maputo. These machines are appropriate for the small suburban farms of five to fifteen hectares, where a tractor of 45 to 65 horsepower would be too large and inappropriate for such an area.

Motorcultivators are not available from the United States. They have previously been imported, with waiver authority, from Brazil. In addition, these machines are fabricated in Europe, primarily in Italy and France, as well as in Japan.

It is absolutely essential to have an authorized dealer representative in Maputo, to receive the equipment, train the end-user in simple operation and maintenance, and perform major maintenance and repairs. There is no representation of a United States firm to either supply or maintain any equipment of this kind.

Handbook I, Supplement B, Chapter 5B4A(2) specifies that the authorized source and origin of commodities may be expanded when "the commodity is not available from countries or areas included in the authorized geographic code". This is the case, as this type of equipment, with related implements and spare parts, to be used in southern Mozambique by the private commercial and family farmer is not available from the United States.

Under the Mozambique Ad Hoc Delegation of Authority from AA/AFR, dated December 23, 1986 (State 397830), the AID Affairs Officer in Mozambique has full implementation authority (i.e., equivalent to Schedule A implementation authority under Delegation of Authority 551) to waive source and origin requirements up to a value of \$5 million, with appropriate legal and technical officer review. Such clearances have been provided by the Regional Legal Officer in Mbabane, as indicated, below, and by the Commodity Management Officer, AAO/Maputo (as represented herein).

Waiver Control No. 656-601C-02

Page 3

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

Recommendation

That, based upon the above discussion and justification, you:

- (A) waive the source and origin requirements for tractors, implements and related spare parts from A.I.D. Geographic Code 000 (United States only) to A.I.D. Geographic Code 941 (Selected Free World), and
- (B) approve the attached cable informing AFR/PD and M/SER/OP of this waiver.

Approved: _____

Disapproved: _____

Date: March ____, 1987

C1: RLA/SA D. Keene (draft) Date 3/3/87
PDO/USAID/Mbabane D. Keene Date 3/13/87

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

FROM: Judi A. Shane *JS*
Commodity Management Officer
AAO/Maputo

SUBJECT: Private Sector Rehabilitation IV, Commodity Import
Program (656-K-601C): Tractors and Implements

Problem.

Your approval is required for a waiver to permit the financing of tractors and related implements from A.I.D. Geographic Code 941 (Selected Free World) sources.

(A) Cooperating Country:	Mozambique
(B) Authorizing Document:	Program Agreement
(C) Program:	Private Sector Rehabilitation IV (Commodity Import Program)
(D) Nature of Funding:	ESF Grant 656-K-601C
(E) Description of Commodities:	Tractors and Related Implements
(F) Approximate Value:	\$1,070,000
(G) Probable Source:	A.I.D. Geographic Code 941 (Brazil, Zimbabwe)
(H) Probable Origin:	A.I.D. Geographic Code 941 (Brazil, Zimbabwe)

Discussion.

The Private Sector Rehabilitation (PSR) IV Program continues the support to the agricultural sector initiated in Fiscal Year 1984. This is essentially a Commodity Import Program being implemented under the rules of AID Regulation I.

This program is the fourth phase in AID's continued support to the GPRM to promote private sector development by providing resources which will help these new policies succeed, and encourage further movement toward a market economy. The purpose of the PSR IV is to continue this support to the private

Waiver Control No. 656-601C-01

Page 2

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

agricultural sector by providing foreign exchange for production inputs needed by private commercial and family farmers that otherwise would not be available due to Mozambique's critical economic situation.

As part of the integrated package of inputs, there is still a critical need for additional tractors, related implements, and spare parts. There are only two manufacturers represented in Mozambique that offer small tractors and related equipment with adequate maintenance and repair facilities. These tractors and related implements have been imported in the past two Commodity Import Programs and our experience is that this size tractor, 65 horse power, is not available from manufacturers in the United States.

Handbook I, Supplement B, Chapter 5B4A(2) specifies that the authorized source and origin of commodities may be expanded when "the commodity is not available from countries or areas included in the authorized geographic code". This is the case, as the appropriate size of tractor, with related implements and spare parts, to be used in southern Mozambique by the private commercial and family farmer is not available from the United States.

Under the Mozambique Ad Hoc Delegation of Authority from AA/AFR, dated December 23, 1986 (State 397830), the AID Affairs Officer in Mozambique has full implementation authority (i.e., equivalent to Schedule A implementation authority under Delegation of Authority 551) to waive source and origin requirements up to a value of \$5 million, with appropriate legal and technical officer review. Such clearances have been provided by the Regional Legal Officer in Mbabane, as indicated, below, and by the Commodity Management Officer, AAO/Maputo (as represented herein).

Waiver Control No. 656-601C-01

Page 3

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

Recommendation

That, based upon the above discussion and justification, you:

- (1) waive the source and origin requirements for tractors, implements and related spare parts from A.I.D. Geographic Code 000 (United States only) to A.I.D. Geographic Code 94i (Selected Free World), and
- (2) approve the attached cable informing AFR/PD and M/SER/OP of this waiver.

Approved: _____

Disapproved: _____

Date: March __, 1987

C1: RLA/SA draft Date 3/3/87
PDO/USAID/Mbabane MA/24 Date 3/13/87

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

FROM: Judi A. Shane ^B
Commodity Management Officer
AAO/Maputo

SUBJECT: Private Sector Rehabilitation IV, Commodity Import
Program (656-K-601C): Irrigation Pump Sets and
Accessories

Problem

Your approval is required for a waiver to permit the financing of Irrigation Pump Sets and Accessories from A.I.D. Geographic Code 899 (Free World) sources.

(A) Cooperating Country: Mozambique
(B) Authorizing Document: Program Agreement
(C) Program: Private Sector Rehabilitation IV
(Commodity Import Program)
(D) Nature of Funding: ESF Grant 656-K-601C
(E) Description
of Commodities: Irrigation Pump Sets and
Accessories
(F) Approximate Value: \$500,000
(G) Probable Source: A.I.D. Geographic Code 899
(South Africa, England, Germany)
(H) Probable Origin: A.I.D. Geographic Code 899
(South Africa, England, Germany)

Discussion

The Private Sector Rehabilitation (PSR) IV Program continues the support to the agricultural sector initiated in Fiscal Year 1984. This is essentially a Commodity Import Program being implemented under the rules of AID Regulation I.

The FY 1984, 1985 and 1986 Commodity Import Programs financed irrigation pump sets from Code 899 countries, after waivers were granted by the the Director, REDSO/ESA; the AAO/Maputo; and the Director, USAID/Mbabane, respectively.

In continuing discussions, the Secretariat of State for Agricultural Hydraulics again has emphasized that, in order to obtain the best results possible from the equipment being financed, it is not practical to introduce a new brand of

Waiver Control No. 656-601C-03

Page 2

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

equipment. The Secretariat had neither the resource to stock a new line of spare parts nor the personnel to receive training on new equipment and distribute spare parts for yet another brand of pump set. The standardization plan that has been followed needs to be maintained so as to maximize limited financial and personnel resources.

Commodity Management Officers of REDSO/ESA and USAID/Harare conducted a market survey of the region to try to determine if a U. S. manufactured or Code 941 pump set would be suitable for southern Mozambique, with adequate dealer representation in Maputo. The results were negative, as there were no brands represented with adequate workshop and repair facilities, nor trained personnel to provide support services for equipment from AID Geographic Code 941 or 000.

Handbook I, Supplement B, Chapter 5B4A(2) specifies that the authorized source and origin of commodities may be expanded when "the commodity is not available from countries or areas included in the authorized geographic code". Given the lack of dealer representation and service from manufacturers of irrigation equipment from the United States and Code 941 countries in Mozambique, the test of Handbook 1B has been met.

Under the Mozambique Ad Hoc Delegation of Authority from AA/AFR, dated December 23, 1986 (State 397830), the AID Affairs Officer in Mozambique has full implementation authority (i.e., equivalent to Schedule A implementation authority under Delegation of Authority 551) to waive source and origin requirements up to a value of \$5 million, with appropriate legal and technical officer review. Such clearances have been provided by the Regional Legal Officer in Mbabane, as indicated, below, and by the Commodity Management Officer, AAO/Maputo (as represented herein).

Waiver Control No. 656-601C-03

Page 3

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

Recommendation

That, based upon the above discussion and justification, you:

- (A) waive the source/origin requirements for irrigation pump sets and accessories from A.I.D. Geographic Code 000 (United States only) to A.I.D. Geographic Code 899 (Free World), to the extent that the product is not available from the United States or a country included in A.I.D. Geographic Code 941;
- (B) certify that the exclusion of procurement from free world countries other than cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program, and
- (C) approve the attached cable informing AFR/PD and M/SER/OP of this waiver.

Approved: _____

Disapproved: _____

Date: March __, 1987

Cl: RLA/SA D. Keene (draft) Date 3/3/87
PDO/USAID/Mbabane *[Signature]* Date 3/13/87

Waiver Control No. 656-601C-04

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

FROM: Judi A. Shane *JAS*
Commodity Management Officer
AAO/Maputo

SUBJECT: Private Sector Rehabilitation IV, Commodity Import
Program (656-K-601C): Agricultural Equipment Spare
Parts

Problem

Your approval is required for a waiver to permit the financing of agricultural equipment spare parts from A.I.D. Geographic Code 899 (Free World) sources.

(A) Cooperating Country:	Mozambique
(B) Authorizing Document:	Program Agreement
(C) Program:	Private Sector Rehabilitation IV (Commodity Import Program)
(D) Nature of Funding:	ESF Grant 656-K-601C
(E) Description of Commodities:	Spare Parts for Agricultural Trucks, Tractors, Motorcultivators and Agricultural Equipment
(F) Approximate Value:	\$615,000
(G) Probable Source:	A.I.D. Geographic Code 899 (West Germany, Japan, England, Brazil)
(H) Probable Origin:	A.I.D. Geographic Code 899 (West Germany, Japan, England, Brazil)

Discussion

The Private Sector Rehabilitation (PSR) IV Program continues the support to the agricultural sector initiated in Fiscal Year 1984. This is essentially a Commodity Import Program being implemented under the rules of AID Regulation I.

The Ministry of Agriculture has again proposed the financing of agricultural equipment spare parts for equipment being used by private sector farmers in Maputo and Gaza Provinces. This component of the Private Sector Rehabilitation Program will have the dual objectives of: (A) rehabilitating equipment, specifically tractors and farm-to-market trucks, that have been in use for a long time by AID's target population; and (B) continuing to provide spare parts support for equipment financed under the three previous Commodity Import Programs.

Waiver Control No. 656-601C-04

Page 2

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

When the Commodity Import Program began in 1984, two private sector firms, representing Ford and Massey Ferguson tractors, conducted surveys to determine the extent of rehabilitation that was practical with the importation of spare parts. Many tractors belonging to private farmers in AID's target areas, were inoperative due to lack of spare parts resulting from the unaccessability of foreign currency. Comprehensive lists of spare parts were developed, and the Commodity Import Programs for the past three years included allocations for the rehabilitation efforts. Since early 1985, more than 600 tractors have been put back into service due to AID's financing of the required spare parts.

Likewise, surveys were made of trucks in use by the target population, and the Ministry of Agriculture determined which brands of trucks were to be rehabilitated. To date, approximately 150 trucks of various makes, used by the target population, have been put back into service as a result of AID-financed importation of suitable spare parts.

It is recognized that some of the required parts may be available from the United States, but it is clear that only a small portion could be correctly identified and absolutely interchangeable. Moreover, it is virtually impossible to identify which U.S. made parts would fit tractors previously imported from other countries. Thus, to ensure the utility and compatibility of the parts to be financed by AID, an expansion of the authorized source and origin to AID Geographic Code 899 is necessary.

In addition, it is proposed that AID finance spare parts for equipment that was financed under the three previous Commodity Import Programs as a way to help ensure after sales support. As the equipment, including motorcultivators, seed cleaners, and tractor implements, came from Brazil, the spare parts will have to be imported from the country of origin of the equipment, in order to ensure complete compatibility.

Handbook I, Supplement B, Chapter 5B4A(2) specifies that the authorized source and origin of commodities may be expanded when "the commodity is not available from countries or areas included in the authorized geographic code". Given the

Waiver Control No. 656-601C-04

Page 3

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

assumed lack of interchangeability of U.S. parts and the impossibility of assuring the utility of U. S. made parts for tractors made in other countries, the test of Handbook 1B appears to have been met.

Under the Mozambique Ad Hoc Delegation of Authority from AA/AFR, dated December 23, 1986 (state 397830), the AID Affairs Officer in Mozambique has full implementation authority (i.e., equivalent to Schedule A implementation authority under Delegation of Authority 551) to waive source and origin requirements up to a value of \$5 million, with appropriate legal and technical officer review. Such clearances have been provided by the Regional Legal Officer in Mbabane, as indicated, below, and by the Commodity Management Officer, AAO/Maputo (as represented herein).

Recommendation

That, based upon the above discussion and justification, you:

- (A) waive the source/origin requirements for agricultural equipment spare parts from A.I.D. Geographic Code 000 (United States only) to A.I.D. Geographic Code 899 (Free World), to the extent that the product is not available from the United States or a country included in A.I.D. Geographic Code 941;
- (B) certify that the exclusion of procurement from free world countries other than cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program, and
- (C) approve the attached cable informing AFR/PD and M/SER/OP of this waiver.

Approved: _____

Disapproved: _____

Date: March __, 1987

Cl: RLA/SA (draft) Date 3/3/87
PDO/USAID/Mbabane *Alamy* Date 3/13/87

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

FROM: Judi A. Shane ^{JS}
Commodity Management Officer
AAO/Maputo

SUBJECT: Private Sector Rehabilitation IV, Commodity Import
Program (656-K-601C): Diesel Fuel and Lubricants

Problem.

Your approval is required for a waiver to permit the financing of diesel fuel and lubricants from A.I.D. Geographic Code 899 (Free World) sources.

(A) Cooperating Country:	Mozambique
(B) Authorizing Document:	Program Agreement
(C) Program:	Private Sector Rehabilitation IV (Commodity Import Program)
(D) Nature of Funding:	ESF Grant 656-K-601C
(E) Description of Commodities:	Diesel Fuel and Lubricants
(F) Approximate Value:	\$1,000,000
(G) Probable Source:	A.I.D. Geographic Code 899 (Kuwait, South Africa)
(H) Probable Origin:	A.I.D. Geographic Code 899 (Kuwait, South Africa)

Discussion

The Private Sector Rehabilitation (PSR) IV Program continues the agricultural support initiated in Fiscal Year 1984. This is essentially a Commodity Import Program being implemented under the rules of AID Regulation I.

A crucial input in the integrated package of imports financed by AID has been diesel fuel to support agricultural production and transportation of produce from farm to market. In addition, engine oils and lubricants are required to maintain agricultural the equipment, given the critical foreign exchange shortages, fuel and lubricants are frequently not available on the local economy. The provision of these products under the Commodity Import Program will help to assure the operation of, in particular, the capital equipment provided under previous Commodity Import Programs and, in general, of other equipment owned by private farmers within the program's targeted areas.

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

Since foreign currency is required to import these products, it is essential that AID allocate a portion of the grant to these requirements. The fuel and lubricants are allocated to farmers who have received AID-financed equipment such as tractors, trucks, motorcultivators, and irrigation pumps. In addition, fuel is allocated to farmers in AID's target zones who already have operable equipment requiring fuel. The third tier for allocation is made up of private transporters who are carrying produce to the markets.

Petromoc, the sole authorized importer, has found in the past that it is necessary to combine small purchases of fuel in order to obtain shipping services. Since the AID-financed portion is estimated to be 4,000 metric tons, this comprises only about ten percent of a normal tanker load of fuel, which usually averages 40,000 MT. No vessel will carry only this small cargo to the Port of Maputo. The usual sources of supply are South Africa, where huge quantities of crude and processed fuels are stored, originating from the Middle East. Another possibility is to obtain the fuel from Kuwait or another Middle Eastern source, where Zimbabwe's usual supply is obtained, and combine the AID-financed portion in the same shipment. The vessel, originating from the Middle East, would off-load Zimbabwe's fuel in Beira, and proceed to Maputo with the AID-financed fuel.

Handbook Y, Supplement B, Chapter 5B4A(2) specifies that the authorized source and origin of commodities may be expanded when "the commodity is not available from countries or areas included in the authorized geographic code". Given the unavailability of the commodity from the authorized source, the test of Handbook 1B has been met.

Under the Mozambique Ad Hoc Delegation of Authority from AA/AFR, dated December 23, 1986 (State 397080), the AID Affairs Officer in Mozambique has full implementation authority (i.e., equivalent to Schedule A implementation authority under Delegation of Authority 551) to waive source and origin requirements up to a value of \$5 million, with appropriate legal and technical officer review. Such clearances have been provided by the Regional Legal Officer in Mbabane, as indicated, below, and by the Commodity Management Officer, AA0/Maputo (as represented herein).

That, based upon the above discussion and justification, you:

- (A) waive the source/origin requirements for diesel fuel and lubricants from A.I.D. Geographic Code 000 (United States only) to A.I.D. Geographic Code 899 (Free World), to the extent that the product is not available from the United States or a country included in A.I.D. Geographic Code 941, and
- (B) certify that the exclusion of procurement from free world countries other than cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program, and
- (C) approve the attached cable informing AFR/PD and M/SER/OP of this waiver.

Approved: _____

Disapproved: _____

Date: March __, 1987

C1: RLA/SA D. Keene (Draft) Date 3/3/87
PDO/USAID/Mbabane *[Signature]* Date 3/13/87

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

FROM: Judi A. Shane *JS*
Commodity Management Officer
AAO/Maputo

SUBJECT: Private Sector Rehabilitation IV, Commodity Import
Program (656-K-601C): Seeds

Problem

Your approval is required for a waiver to permit the financing of Seeds from A.I.D. Geographic Code 899 (Free World) sources.

- (A) Cooperating Country: Mozambique
- (B) Authorizing Document: Program Agreement
- (C) Program: Private Sector Rehabilitation IV
(Commodity Import Program)
ESF Grant 656-K-601C
- (D) Nature of Funding:
- (E) Description
of Commodities: Seeds
- (F) Approximate Value: \$1,420,000
- (G) Probable Source: A.I.D. Geographic Code 899
(South Africa)
- (H) Probable Origin: A.I.D. Geographic Code 899
(South Africa)

Discussion

The Private Sector Rehabilitation (PSR) IV Program continues the support to the agricultural sector initiated in Fiscal Year 1984. This is essentially a Commodity Import Program being implemented under the rules of AID Regulation I.

One of the most crucial elements in this program is the provision of seeds to private farmers located in the target areas. Experience gained during the implementation of previous commodity import programs indicated that certain varieties of these required seeds were not available from either the United States or other Code 941 sources due, generally, to different climactic and soil conditions and non-adaptability to the Mozambique environment. Accordingly, waivers were contained in the PSR II and III PAADs which permitted the procurement of certain seed varieties from Geographic Code 899 sources.

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

Special attention has been given to seed procurements for Mozambique by the donor community in the past three years to obtain the best possible varieties with acceptable generation rates, suitable to geographic and climactic zones. Due to proximity with Southern Mozambique, the target zone for the Commodity Import Program, this country is the best source for appropriate seed varieties, which include potato, garlic, corn, groundnut, butter bean and a few varieties of vegetable seeds. Based on prior experience and waivers approved for the previous three Commodity Import Programs, these seed varieties are not available from Code 000 or 941 sources.

Handbook I, Supplement B, Chapter 5B4A(2) specifies that the authorized source and origin of commodities may be expanded when "the commodity is not available from countries or areas included in the authorized geographic code". This is the case with several varieties of bulk vegetable seeds, suitable for planting in Southern Africa, which are unavailable from the United States or Code 941 sources, including Zimbabwe and Swaziland.

Under the Mozambique Ad Hoc Delegation of Authority from AA/AFR, dated December 23, 1986 (State 397080), the AID Affairs Officer in Mozambique has full implementation authority (i.e., equivalent to Schedule A implementation authority under Delegation of Authority 551) to waive source and origin requirements up to a value of \$5 million, with appropriate legal and technical officer review. Such clearances have been provided by the Regional Legal Officer in Mbabane, as indicated, below, and by the Commodity Management Officer, AAO/Maputo (as represented herein).

Recommendation

That, based upon the above discussion and justification, you:

- (A) waive the source/origin requirements for seeds from A.I.D. Geographic Code 000 (United States only) to A.I.D. Geographic Code 899 (Free World), to the extent that the product is not available from the United States or a country included in A.I.D. Geographic Code 941,

Waiver Control No. 656-601C-08

ACTION MEMORANDUM FOR THE AID AFFAIRS OFFICER

- (B) certify that the exclusion of procurement from free world countries other than cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program, and
- (C) approve the attached cable informing AFR/PD and M/SER/OP of this waiver.

Approved: _____

Disapproved: _____

Date: March __, 1987

CJ: RLA/SA D. Keene (draft) Date 3/3/87
PDO/USAID/Mbabane D. Keene Date 3/13/87

TELEGRAM

INDICATE
 COLLECT
 CHARGE TO

FROM AMEMBASSY MAPUTO	CLASSIFICATION UNCLASSIFIED
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O. 11652:
TAGS:
SUBJECT:
ACTION:

N/A

MOZAMBIQUE PRIVATE SECTOR REHABILITATION IV, CIP
656-K-601C, SUMMARY OF WAIVERS

SECSTATE WASHDC

INFO AMEMBASSY MBABANE

UNCLASSIFIED MAPUTO _____

AIDAC

AID/W FOR AFR/PD AND M/SER/OP/OS/AFR

ON MARCH ~~22~~²³, 1987, THE AID AFFAIRS OFFICER/MAPUTO, WITH
THE CONCURRENCE OF THE RLA/SA, AND COMMODITY MANAGEMENT
OFFICER/MAPUTO, APPROVED THE SOURCE AND ORIGIN WAIVERS
SUMMARIZED, BELOW. THESE WAIVERS WILL BE INCLUDED IN
THE PAAD, WHICH WILL BE REVIEWED AT POST DURING THE
WEEK OF MARCH 16.

1. WAIVER CONTROL NO. 656-601C-01, VALUED AT DOLS.
1,070,000, FOR TRACTORS, RELATED IMPLEMENTS, AND SPARE
PARTS, FROM AID GEOGRAPHIC CODE 941. NO U.S. BRAND HAS
AFTER SALES SERVICE AND REPRESENTATION IN MAPUTO.

APPROVED BY: CMO, JSHANE	DRAFTING DATE 3/16/87	TEL. EXT.	CONTENT AND CLASSIFICATION APPROVED BY: AAU:AA51V3
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EXEMPTIONS:

UNCLASSIFIED

CLASSIFICATION

UNCLASSIFIED

Page 2 of

Classification

MRN

2. WAIVER CONTROL NO. 656-601C-02, VALUED AT DOLS. 135,000, FOR MULTICULTIVATORS, SPARE PARTS AND RELATED IMPLEMENTS, FROM AID GEOGRAPHIC CODE 941. NO U.S. BRAND IS REPRESENTED BY A DEALER WHO CAN PROVIDE AFTER SALES SERVICE.

3. WAIVER CONTROL NO. 656-601C-03, VALUED AT DOLS. 500,000, FOR IRRIGATION PUMP SETS, FROM AID GEOGRAPHIC CODE 899. NO U.S. BRAND HAS AFTER SALES SERVICE AND REPRESENTATION IN MAPUTO FOR THE SIZES REQUIRED.

4. WAIVER CONTROL NO. 656-601C-04, VALUED AT DOLS. 615,000, FOR SPARE PARTS FOR AGRICULTURAL EQUIPMENT, FROM AID GEOGRAPHIC CODE 899, NONE OF WHICH ORIGINATED IN THE UNITED STATES. TO ENSURE COMPATIBILITY, SPARE PARTS ARE ACQUIRED FROM SOURCE OF ORIGINAL EQUIPMENT.

5. WAIVER CONTROL NO. 656-601C-05, VALUED AT DOLS. 100,000 FOR NATURAL RUBBER, FROM AID GEOGRAPHIC CODE 941, AS NO RUBBER IS CULTIVATED IN THE UNITED STATES. THIS RUBBER IS TO FABRICATE RUBBER BOOTS FOR FARMERS IN THE TARGET ZONES.

6. WAIVER CONTROL NO. 656-601C-06, VALUED AT DOLS. 200,000 FOR BICYCLES, AS THE TYPE UTILIZED IN RURAL CONDITIONS, WITH SPECIFICATIONS REQUIRED, ARE NOT MANUFACTURED IN THE UNITED STATES.

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Classification

-124-

UNCLASSIFIED

Page 3 of

Classification

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7 WAIVER CONTROL NO. 656-601C-07, VALUED AT DOLS. 1,000,000, FOR DIESEL FUEL AND LUBRICANTS, FROM AID GEOGRAPHIC CODE 899, AS A PARTIAL SHIPMENT OF APPROX 6,000 MT OF FUEL COMPRISES LESS THAN TEN PERCENT OF A SMALL TANKER'S CARGO CAPACITY, AND NO SUPPLIER FROM THE UNITED STATES WOULD SHIP SUCH A SMALL QUANTITY TO MOZAMBIQUE. THE IMPORTER COORDINATES OTHER SHIPMENTS TO MOZAMBIQUE AND NEIGHBORING COUNTRIES WHEN DELIVERIES ARE DESTINED TO THE PORT OF MAPUTO.

8. WAIVER CONTROL NO. 656-601C-08, VALUED AT DOLS. 1,420,000 FOR SEEDS, FROM AID GEOGRAPHIC CODE 899. TO ALLOW FOR THE FINANCING OF SEEDS FROM NEIGHBORING COUNTRIES, WITH SIMILAR CLIMATES AND LATITUDES, FOR APPROPRIATE SEED VARIETIES.

RANNEBERGER

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-125-

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Classification

TELEGRAM

0828

Annex H
Page 28/ 32

INDICATE
 COLLECT
 CHARGE TO

266007 FEB 87

<p>E.O. 11652: TAGS: SUBJECT: ACTION:</p>	<p>FROM ANEMBASSY MAPUTO</p>	<p>CLASSIFICATION UNCLASSIFIED</p>			
	<p>N/A --- MOZAMBIQUE FY 1987 PRIVATE SECTOR REHABILITATION PROGRAM, 656-K-601C, SOURCE/ORIGIN WAIVER SECSTATE WASHDC</p> <p>INFO ANEMBASSY MBABANE</p> <p>UNCLASS NAPUTO _____ 0828</p> <p>AIDAC</p> <p>AID/W FOR AFR/SAP, W. STICKEL</p> <p>1. AAO/MOZAMBIQUE AND USAID/SWAZILAND ARE FINALIZING FY 1987 PSR IV PAAD. WE WOULD LIKE TO OBLIGATE DOLS. 9,835,000 BY MARCH 16 IF POSSIBLE. REQUEST YOUR ASSISTANCE IN OBTAINING AA/AFR APPROVAL FOR SOURCE/ORIGIN WAIVER WHICH MUST BE APPROVED BY THE AA/AFR. THIS CABLE CONTAINS THE PROPOSED WAIVER FOR RIGHT HAND DRIVE TRUCKS FROM CODE 899.</p> <p>2. RATIONALE IS SUBSTANTIALLY SAME AS WAIVERS APPROVED IN 1985 AND 1986 BY AA/AFR, FOR PSR II, AND PSR III.</p> <p>QUOTE:</p> <p>ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA SUBJECT : MOZAMBIQUE FY 1987 PRIVATE SECTOR REHABILITATION PROGRAM, 656-K-601C, SOURCE/ORIGIN WAIVER.</p>				
	<p>DRAFTED BY:</p>	<p>CM&EO: JShane</p>	<p>DRAFTING DATE 02/24/87</p>	<p>TEL. EXT.</p>	<p>CONTENTS AND CLASSIFICATION APPROVED BY: AUS/ASSTIA</p>
<p>CLEARANCES:</p>					

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PROBLEM: YOUR APPROVAL IS REQUIRED TO:

1. WAIVE THE SOURCE/ORIGIN REQUIREMENTS FROM AID GEOGRAPHIC CODE 000 TO AID GEOGRAPHIC CODE 899 (FREE WORLD) AND,

2. WAIVE THE REQUIREMENTS OF SECTION 636 (I) OF THE FOREIGN ASSISTANCE ACT, IN ORDER TO FINANCE THE PROCUREMENT OF RIGHT HAND DRIVE FARM TO MARKET VEHICLES.

- A. COOPERATING COUNTRY: MOZAMBIQUE
- B. AUTHORIZING DOCUMENT: PAAD
- C. PROGRAM: PRIVATE SECTOR
REHABILITATION GRANT
- D. NATURE OF FUNDING: GRANT 656-K-601C
- E. DESCRIPTION OF COMMODITIES: FORTY RIGHT HAND
DRIVE EIGHT TON
PAYLOAD TRUCKS, PLUS
TWENTY PERCENT SPARE
PARTS.
- F. APPROXIMATE VALUE: DOLS. 950,000.
- G. PROBABLE SOURCE AND ORIGIN: UNITED KINGDOM,
JAPAN, ZIMBABWE,
HOLLAND, SWEDEN (CODE
899).

-127-

DISCUSSION : THIS YEAR'S PROGRAM IN MOZAMBIQUE WILL CONTINUE THE AGRICULTURAL SECTOR PROGRAM GRANTS THAT WERE IMPLEMENTED DURING THE PAST THREE YEARS. THESE HAVE BEEN COMMODITY IMPORT PROGRAMS, WITH PROCUREMENTS BEING EFFECTED UNDER THE RULES OF AID REGULATION ONE. ONE OF THE PRIMARY OBJECTIVES OF THE PROGRAM IS TO PROVIDE FARM TO MARKET TRUCKS TO PRIVATE FARMERS TO FACILITATE THE DISTRIBUTION OF AGRICULTURAL PRODUCE TO MAPUTO. IT HAS BEEN DETERMINED THAT ONLY A FEW MAKES OF TRUCKS, NONE OF THEM UNITED STATES SOURCE/ORIGIN, CAN BE ADEQUATELY SERVICED AND MAINTAINED IN MOZAMBIQUE. RATHER THAN FINANCE TRUCKS THAT CANNOT BE SERVICED IN MOZAMBIQUE, IT HAS BEEN DECIDED TO LIMIT PROCUREMENTS OF TRUCKS TO THOSE MANUFACTURERS FROM CODE 899 WHO CAN MEET THE REQUIRED SPECIFICATIONS AND HAVE EXISTING FACILITIES IN MOZAMBIQUE FOR SATISFACTORY MAINTENANCE AND AN APPROPRIATE SPARE PARTS SUPPLY. NONE OF THE TRUCKS NOW BEING IMPORTED INTO, OR IN CIRCULATION WITHIN MOZAMBIQUE, IS OF U.S. ORIGIN. CONSEQUENTLY, SPARE PARTS AND SERVICE FOR U.S. MANUFACTURED VEHICLES ARE NOT NOW AVAILABLE.

UNCLASSIFIED
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UNCLASSIFIED

Classification

5
Annex H
Page 31/ 32

WITH RESPECT TO CODE 941 POSSIBILITIES, ONE MAKE OF TRUCK IS ASSEMBLED IN ZIMBABWE AND COULD BE MAINTAINED IN MOZAMBIQUE, BUT IT DOES NOT MEET THE COMPONENTRY RULES TO QUALIFY AS CODE 941 ORIGIN.

JUSTIFICATION : UNDER AID DELEGATION OF AUTHORITY 40, YOU HAVE THE AUTHORITY TO APPROVE SOURCE AND ORIGIN WAIVERS FOR VEHICLES UP TO DOLS FIVE MILLION PER TRANSACTION, WHICH CAN NOT BE REDELEGATED IN EXCESS OF DOLS FIFTY THOUSAND (EXCLUSIVE OF TRANSPORTATION COSTS). ACCORDING TO HANDBOOK ONE, SUPPLEMENT B, CHAPTER 5B4A(2), A WAIVER OF THE AUTHORIZED GEOGRAPHIC CODE MAY BE GRANTED WHEN THE COMMODITY IS NOT AVAILABLE FROM COUNTRIES OR AREAS INCLUDED IN THE AUTHORIZED GEOGRAPHIC CODE. THE REQUIRED TRUCKS AND SPARE PARTS ARE EFFECTIVELY NOT AVAILABLE FROM CODE 000 OR CODE 941 BECAUSE OF THE NEED FOR ADEQUATE SERVICING AND SPARE PARTS LOCALLY. ADDITIONALLY, UNDER HANDBOOK ONE, SUPPLEMENT B, CHAPTER 4C29, THE REQUIREMENTS OF SECTION 636 (1), THAT VEHICLES BE MANUFACTURED IN THE UNITED STATES, MAY BE WAIVED WHERE THERE IS PRESENT OR PROJECTED LACK OF SERVICE FACILITIES AND SUPPLY OF SPARE PARTS FOR U.S. MANUFACTURED VEHICLES. THIS IS THE CASE WITH EIGHT

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OPTIONAL FORM 153A
(Formerly FS-413A)
January 1975
Dept. of State

-129-

FOR TRUCKS. SINCE THESE VEHICLES ARE EIGHT TON
PAYLOAD, THEY ARE NOT INCLUDED UNDER THE BLANKET
RIGHT HAND DRIVE VEHICLE WAIVER, WHICH IS LIMITED TO
LIGHT-WEIGHT VEHICLES.

RECOMMENDATION: THAT YOU :

1. APPROVE THE REQUESTED SOURCE/ORIGIN WAIVER,
2. CERTIFY THAT EXCLUSION OF PROCUREMENT FROM FREE
WORLD COUNTRIES OTHER THAN THE COOPERATING COUNTRY
AND COUNTRIES INCLUDED IN CODE 941 WOULD SERIOUSLY
IMPEDE ATTAINMENT OF U.S. FOREIGN POLICY OBJECTIVES
AND OBJECTIVES OF THE FOREIGN ASSISTANCE PROGRAM, AND
3. CERTIFY THAT SPECIAL CIRCUMSTANCES EXIST WHICH
JUSTIFY WAIVER OF THE REQUIREMENTS OF SECTION 536 (I)
OF THE FOREIGN ASSISTANCE ACT OF 1961 AS AMENDED.

UNQUOTE.

THE ABOVE TEXT HAS BEEN CLEARED BY:

- A. AAO/MAPUTO, A.A. SILVA
- B. CM&EO/MAPUTO, J. SHANE
- C. RLA/SA, D. KEENE
- D. PDO/MBABANE, L. KEEYS

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Annex I
STATE 032176/01

Action: PAAD

ACTION: AID INFO: AMB/DCM - 2

LQVZCZCMB0126
OO RUEHMB
DE RUEHC #2176/01 0341950
ZNR UUUUU ZZH
O 041948Z FEB 87
FM SECSTATE WASHDC
TO RUEHMB/AMEMBASSY MBABANE IMMEDIATE 9886
RUEHTO/AMEMBASSY MAPUTO 3300
BT
UNCLAS STATE 032176

LOC: 062 073
05 FEB 87 1957
CN: 03325
CHRG: AID
DIST: AID

LK

AIDAC

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E.O. 12356: N/A

SUBJECT: MOZAMBIQUE PRIVATE SECTOR REHABILITATION
(656-0201 C): PHASE IV PAIP

REF: (A) MBABANE 00194 (B) MBABANE 00237 (C) MBABANE
00231

1. APPRECIATE TIMELY SUBMISSION OF INFORMATION PROVIDED
REFTELS. REGRET DELAY IN RESPONSE TO REF (A) OCCASIONED
BY PARTIAL CLOSURE OF GOVERNMENT AND WORLD BANK OFFICES
LAST WEEK. REGRET INCONVENIENCE.

2. APPRECIATE MISSION POSITION RE VENUE OF PID REVIEW
FOR THIS PROJECT. HOWEVER, WE DO NOTE THAT THERE ARE
SOME SUBSTANTIVE DIFFERENCES IN THE PROPOSED PHASE IV
FROM THE PREVIOUS TRANCHE, SOME OF WHICH DO RAISE POLICY
ISSUES OF CONCERN TO AID/W. SUBJECT TO THE GUIDANCE
WHICH FOLLOWS ON THOSE MATTERS, WE ARE PREPARED TO
CONCUR IN YOUR REQUEST FOR AD HOC DELEGATION OF
AUTHORITY TO APPROVE THE PAIP AT USAID/SWAZILAND, ON THE
UNDERSTANDING THAT, WITH THE EXCEPTION OF THOSE MATTERS,
THERE ARE NO ADDITIONAL SUBSTANTIVE DIFFERENCES IN THE
PROPOSAL DESIGN. IF THERE ARE OR IF ADDITIONAL CHANGES
ARE INTRODUCED OVER PAAD DESIGN PHASE, PLEASE CONSULT
WITH AID/W PRIOR TO FIELD AUTHORIZATION.

3. POLICY DIALOGUE/PRICE LIBERALIZATION. PARA 10(C) OF
REF (A) PROPOSES THAT THE PAAD DESIGN TEAM ENCOURAGE
PRICE LIBERALIZATION FOR CROPS FROM SEEDS FINANCED BY
AID. WHILE WE APPLAUD THIS EFFORT IN PRINCIPLE, WE ALSO
NOTE THAT REFORM OF THE PRICING STRUCTURE OVERALL IS A
PRIORITY AREA IN THE BANK'S DISCUSSIONS WITH THE GPRM AND
ANY PLANS WE UNDERTAKE WITH THE GOVERNMENT IN THIS AREA
SHOULD BE REVIEWED WITH THE BANK TO ENSURE THAT OUR
STRATEGIES AND APPROACHES ARE CONSISTENT. ACCORDING TO
RECENT DISCUSSION WITH THE BANK LOAN OFFICER FOR
MOZAMBIQUE, THE BANK WILL BE PROPOSING A SYSTEM OF
MINIMUM PRICING OF SELECTED DOMESTIC STAPLE CROPS, WITH
REGULATED MARKETING MARGINS. OUR PROPOSALS ON OUTPUT
PRICES FOR SPECIFIC CROPS SHOULD BE FRAMED WITHIN THAT

Date Recd:		
INT		
NO		
PAID	✓	
PA		
HPN		
ANO		
EHR		
RIA		
CON		
PAAD		
PERSON		✓
RF		✓
Reply Due	2/6	
Action Taken	Noted for PAAD	
Initial Date	LK 2/9/87	
File Loc.		

1/2

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-131-

STATE 032176/01

OVERALL APPROACH. SUGGEST MISSION REVIEW THIS ISSUE WITH BANK APPRAISAL TEAM TENTATIVELY SCHEDULED TO BE IN MOZAMBIQUE IN MARCH BEFORE MAKING FINAL DECISION.

4. LOCAL CURRENCY PROGRAMMING. PARA 12 OF REF (A) EXPRESSES CONCERN WITH THE CONSEQUENCES OF THE BANK-FUND PROPOSAL TO STERILIZE LOCAL CURRENCY GENERATIONS IN ORDER TO REDUCE EXCESS LIQUIDITY IN THE ECONOMY. WHILE, IN PRINCIPLE, THIS IS A LEGITIMATE CONCERN, WE BELIEVE THAT ANY DEVIATION FROM THE BANK-FUND VIEWS ON THIS MATTER SHOULD BE MADE ONLY A BASIS OF A CAREFUL ANALYSIS AND A THOROUGH VETTING OF THE ISSUE IN AID/W. WE THEREFORE ENCOURAGE MISSION TO PROCEED ASAP WITH ITS PLANNED IQC ASSISTANCE TO EXPLORE OPTIONS FOR LC PROGRAMMING, INCLUDING THE OPTION OF STERILIZING SUCH CURRENCIES, BUT THAT NO FURTHER PROGRAMMING SHOULD TAKE PLACE IN THE INTERIM, PENDING A THOROUGH REVIEW OF THE REPORT. REQUEST FURTHER THAT COPY OF IQC REPORT BE FORWARDED TO AID/W PROMPTLY UPON COMPLETION TO PERMIT AID/W CONSIDERATION OF THE ISSUE. REVIEW WILL BE MADE IN LIGHT OF REQUIREMENT OF FAA SECTION 801(A)(6)(A) THAT 75 PERCENT OF LC GENERATIONS BE USED FOR ACTIVITIES CONSISTENT WITH FAA SECTIONS 102-103.

5. PROPOSED EXPANSION PROGRAM. PARA 14B OF REF (A) PROPOSES FURTHER MODIFICATIONS TO THE DESIGN OF PHASE IV IN THE EVENT FUNDING BEYOND DOLS 9.935 MILLION BECOMES AVAILABLE. WHILE WE AGREE THAT MOST OF THOSE PROPOSED MODIFICATIONS ARE INDEED MINOR ONES AND NEED NO ADDITIONAL JUSTIFICATION OR ANALYSIS, WE BELIEVE THE PROPOSAL TO PROVIDE FOREIGN EXCHANGE FOR PRIVATE SECTOR BUY-OUTS OF STATE-OPERATED ENTERPRISES IS A VERY AMBITIOUS ONE WHICH NEEDS CONSIDERABLE THOUGHT AND CAREFUL ANALYSIS, AND WHICH MAY NOT BE WHOLLY CONSISTENT WITH A CIP APPROACH. SINCE LITTLE TIME REMAINS FOR FINALIZING THE PAAD, WE SUGGEST THAT THIS EXPANSION OPTION BE DROPPED FROM THIS TRANCHE, BUT ENCOURAGE THE MISSION TO FURTHER EXPLORE THE FEASIBILITY OF SUCH AN ACTIVITY FOR FUTURE FUNDING.

6. TA COMPONENT. AS MISSION IS WELL AWARE, THIS HAS BEEN A MOST CONTROVERSIAL ELEMENT OF THE PROJECT. WHILE NOT ADDRESSED IN REF (A), WE DO NOTE FROM REF (B) THAT MISSION IS PROPOSING TO USE FUNDS FOR TWO NEW ACTIVITIES: ONE, TO CARRY OUT A PRIVATIZATION STUDY FOR THE MINISTRY OF CONSTRUCTION, AND TWO, TO PROVIDE ADVISORY SERVICES TO FARMERS AND END USERS OF AID-FUNDED EQUIPMENT. WHILE THESE ACTIVITIES WOULD BE FUNDED FROM REMAINING FY85 GRANT FUNDS, AND THUS NOT BE SUBJECT TO THE MORE RESTRICTIVE CONGRESSIONAL LANGUAGE WHICH APPLIES TO THE FY86 AND FY87 PROGRAMS IN MOZAMBIQUE, WE HAVE CONCLUDED

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STATE 032176/02

7/2
THAT PRIOR INFORMAL CONSULTATION WITH CONGRESS ON ANY PROGRAMMING OF TA RESOURCES IS ADVISABLE. THIS WILL BE ACCOMPLISHED THROUGH THE NORMAL CN PROCESS, BUT WE SUGGEST THAT NO COMMITMENTS BE MADE ON YOUR END UNTIL THE CN HAS CLEARED THE HILL. MISSION SHOULD ALSO BE PREPARED TO SUPPLY ADDITIONAL DETAILS, IF POSSIBLE, ON THE INTENDED TA USES, SHOULD QUESTIONS ARISE.

. MISSION IS REMINDED THAT FIELD DOES NOT HAVE AUTHORITY TO APPROVE IEES IN CONFORMANCE WITH AGENCY REQUIREMENTS. IEES SHOULD BE SUBMITTED FOR BUREAU ENVIRONMENTAL OFFICER APPRAISAL AS QUICKLY AS POSSIBLE PRIOR TO FIELD AUTHORIZATION.

. THE ZORINSKY AMENDMENT (SECTION 235 OF THE FAA) REQUIRES THAT 18 PERCENT OF ALL RSF-FUNDED CIPS BE USED FOR US-ORIGIN AGRICULTURAL COMMODITIES. WHILE THE REQUIREMENT MUST BE MET ON A WORLD-WIDE, AND NOT COUNTRY-BY-COUNTRY BASIS, AID/W HAS NOT YET DETERMINED WHICH COUNTRIES WILL BE REQUIRED TO PURCHASE THESE COMMODITIES, OR WHETHER, AS LAST YEAR, MOZAMBIQUE WILL BE EXEMPT. AFR WILL PUSH FOR A DECISION, AND INFORM FIELD WHEN ONE IS REACHED.

DOA. SUBJECT TO GUIDANCE ABOVE, AND TO UNDERSTANDING OUTLINED IN PARA 2, AA/AFR HEREBY DELEGATES AUTHORITY TO AID/SWAZILAND TO APPROVE PAIP FOR SUBJECT PROJECT IN AN AMOUNT NOT TO EXCEED DOLS. 9,835,000. THIS DOA SHALL BE EXERCISED ON ALL THE TERMS AND CONDITIONS OF DOA 551, EXCEPT FOR THE DOLLAR AMOUNT LIMITATIONS. REQUEST MISSION POUCH COPY OF APPROVED DOCUMENT ASAP AS SPECIFIED IN BUREAU'S RECENT INSTRUCTIONS ON IMPLEMENTING NEW FIELD LEGATIONS.

. FUTURE PROGRAMMING. APPRECIATE SUGGESTION MADE IN COMMENDATION 1 REF (C) REGARDING FUTURE PROGRAMMING OF FUNDS FOR PRIVATE SECTOR SUPPORT PROGRAM. SEPTTEL FOLLOWS WITH BUREAU COMMENTS ON THIS PROPOSAL AND OTHER ISSUES FOR NEXT YEAR'S CIP.

. FURTHER AID/W ACTIONS. WILL PROCEED WITH WAIVER REQUESTED PARA 17 REF (A) AS SOON AS MISSION FORWARDS NECESSARY SUPPORTING INFORMATION. PLEASE ALLOW AT LEAST 10 WORKING DAYS FOR BUREAU REVIEW AND PROCESSING.
ULTZ

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-133-

3(A)2 NONPROJECT ASSISTANCE CHECKLIST *

The criteria listed in Part A are applicable generally to FAA funds, and should be used irrespective of the program's funding source. In Part B a distinction is made between the criteria applicable to Economic Support Fund assistance and the criteria applicable to Development Assistance. Selection of the criteria will depend on the funding source for the program.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? IDENTIFY. HAS STANDARD ITEM CHECKLIST BEEN REVIEWED?

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A. GENERAL CRITERIA FOR NONPROJECT ASSISTANCE

1. FY 1986 Continuing Resolution Sec. 524; FAA Sec. 634A.

Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project.

2. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

A Congressional Notification (CN) for this activity providing for life of project funding up to \$38,000,000 was last submitted at the time of notification for the PSR II Program in 1985. To date, the cumulative total dollar amount authorized is \$30,570,000. AAO plans to authorize and obligate an additional \$9,835,000 in FY 1987, resulting in a total authorized amount of \$40,405,000. Accordingly, another CN will be submitted prior to obligation of funds above the \$38,000,000 level for which Congress has already been notified.

No further legislative action is required for this assistance.

3. FAA Sec. 209 Is assistance more efficiently and effectively given through regional or multilateral organizations? If

No.

* As of March 11, 1987, the time of preparation of this statutory checklist to be incorporated as part of the PAAD for the FY 1987 PSRP, the official FY 1987 statutory checklist had not been distributed by AID/W and therefore was not available. Accordingly, per advise from GC/AFR and RLA, USAID is using an updated version of the FY 1986 statutory checklist. In all cases where reference is made to the FY 1986 Continuing Resolution, this updated statutory checklist is applicable only to the corresponding provisions in the FY 1987 Continuing Resolution.

so, why is assistance not so given? Information and conclusion whether assistance will encourage regional development programs.

N/A

4. FAA Sec. 601(a) Information and conclusions whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

N/A. Applicable to development loans. This is not a Development loan.

5. FAA Sec. 601(b) Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

This grant-CIP will bolster the economy generally and permit increased importation of U.S. goods and related services, as well as investment in a stronger more privately oriented Mozambican economy. The U.S. AID Program to Mozambique will improve the climate for U.S. business initiatives to that country.

6. FAA Sec. 612(b), 636(h); FY 1986 Continuing Resolution Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

Provisions in the grant agreement for the CIP will require the country to utilize the counterpart local currencies in mutually agreed upon development activities primarily related to the private agricultural sector, including cooperatives. In addition, a negotiated percentage of these funds will be available as AID administered trust funds for administrative uses of the U.S. AID Affairs Office.

- 7. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No.
- 8. FAA Sec. 601(e). Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? N/A
- 9. FAA 121(d). If assistance is being furnished under the Sahel Development Program, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of A.I.D. funds? N/A
- 10. FY 1986 Continuing Resolution Sec. 533. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution? No

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B. FUNDING CRITERIA FOR NONPROJECT ASSISTANCE

1. Nonproject Criteria for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of part I of the FAA?

The assistance will permit the GPRM to increase the productivity of its private sector, particularly its private agricultural sector. This in turn will promote economic and political stability. In assisting the Mozambique private sector, including small private farmers and cooperatives, AID will help the poor majority of farmers to participate in a process of growth through productive work.

b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities?

No

c. FAA Sec. 531(d). Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106?

Yes. At least 75% of such generations will be so available.

d. ISDCA of 1985 Sec. 205. Will ESF funds made available for commodity import programs be used for the purchase of agricultural commodities of United States-origin? If so, what percentage of the funds will be so used?

Approximately 21% of CIP funds are planned to be expended for fertilizer and seeds of U.S. origin. These items are not considered U.S.-origin agricultural commodities for purposes of Section 205 of the ISDCA per 85 State 354607.

e. ISDCA of 1985 Sec. 801. If ESF funds will be used to finance imports by an African country (under a commodity import program or sector program), will the agreement require that those imports be used to meet long-term development needs in those countries in accordance with the following criteria?

Yes. A general covenant will be included on the subject and a related PIL will be issued on how these criteria are met under CIP.

(i) spare parts and other imports shall be allocated on the basis of evaluations, by A.I.D., of the ability of likely recipients to use such spare parts and imports in a maximally productive, employment generating, and cost effective way;

See above.

(ii) imports shall be coordinated with investments in accordance with the recipient country's plans for promoting economic development. A.I.D. shall

See above.

assess such plans to determine whether they will effectively promote economic development;

(iii) emphasis shall be placed on imports for agricultural activities which will expand agricultural production, particularly activities which expand production for export or production to reduce reliance on imported agricultural products; See above.

(iv) emphasis shall also be placed on a distribution of imports having a broad development impact in terms of economic sectors and geographic regions; See above.

(v) in order to maximize the likelihood that the imports financed by the United States under the ESF chapter are in addition to imports which would otherwise occur, consideration shall be given to historical patterns of foreign exchange uses; See above.

(vi)(A) seventy-five percent of the foreign currencies generated by the sale of such imports by the government of the country shall be deposited in a special account established by that government and, except as provided in subparagraph (B), shall be available only for use in accordance with the agreement for economic development activities; See above.

which are consistent with the policy directions of section 102 of the FAA and which are the types of activities for which assistance may be provided under sections 103 through 106 of the FAA;

(B) the agreement shall require that the government of the country make available to the United States Government such portion of the amount deposited in the special account as may be determined by the President to be necessary for requirements of the United States Government.

The agreement will so provide.

f. ISDCA of 1985 Sec. 207.

Will ESF funds be used to finance the construction of, or the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin American (the "Treaty of Tlatelolco"), cooperates fully with the IAEA, and pursues nonproliferation policies consistent with those of the United States?

No

N/A

g. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

Yes. Special Account arrangements are in place for this and the three previous Mozambique CIPs.

2. Nonproject Criteria for Development Assistance

Not Development Assistance.

a. FAA Sec. 102(a); 111; 113; 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level; increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

N/A

b. FAA Sec. 103, 103A, 104, 105, 106, 107. Is assistance being made available: (include only applicable paragraph which corresponds to source of funds used. If more than one fund source is used for assistance, include relevant paragraph for each fund source.)

N/A

(1) [103] for agriculture, rural development or nutrition; if so (a) extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, full account shall be taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made; (b) extent to which assistance is used in coordination with efforts carried out under Sec. 104 to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value, improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration of poor and vulnerable people; and (c) extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

N/A

-141-

(2) [104] for population planning under sec. 104(b) or health under sec. 104(c); if so, extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems and other modes of community research.

N/A

(3) [105] for education, public administration, or human resources development; if so, (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people in developing countries in such disciplines as are required for planning and implementation of public and private development activities.

N/A

(4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is: (i)(a) concerned with data

N/A

collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and (b) facilitative of geological and geophysical survey work to locate potential oil, natural gas, and coal reserves and to encourage exploration for potential oil, natural gas, and coal reserves.

(ii) technical cooperation and development activities, especially with U.S. private and voluntary, or regional and international development, organizations;

(iii) research into, and evaluation of, economic development processes and techniques;

(iv) reconstruction after natural or manmade disaster;

(v) for special development problems, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;

(vi) for special development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

(5) [107] is appropriate effort placed on use of appropriate technology? (Relatively smaller, cost-saving, labor using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor.)

N/A

c. FAA 118(c) and (d). Does the assistance comply with the environmental procedures set forth in AID Regulation 16. Does the assistance take into consideration the problem of the destruction of tropical forests?

N/A

N/A

d. FAA Sec. 281(b) Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

N/A

e. FAA Sec. 122(b) Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

N/A

5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes

2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?? Yes

3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? Yes

4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) Yes

FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries which receive direct economic assistance under the FAA and which are otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas? Do these countries permit United States firms to compete for construction or engineering services financed from assistance programs of these countries?

N/A

6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

No. Through CIP provisions, and AID monitoring of commodity shipments, section 901(b) will be complied with.

7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

N/A

8. International Air Transportation Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes

9. FY 1986 Continuing Resolution Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

N/A. CIP transactions are under host country purchasing arrangements.

B. Construction

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used?

N/A

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)?

N/A

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes

4. Will arrangements preclude use of financing:
 - a. FAA Sec. 104(f); FY 1986 Continuing Resolution Sec. 526. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo (1) Yes
(2) Yes

- sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion? (3) Yes
- b. FAA Sec. 488. To reimburse persons, in the form of cash payments, whose illicit drug crops are eradicated? Yes
- c. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes
- d. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes
- e. FAA Sec. 662. For CIA activities? Yes
- f. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes. The Southern Africa light-weight vehicle waiver for FY 1987 will apply to CIP transactions

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- g. FY 1986 Continuing Resolution, Sec. 503.
To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? Yes

- h. FY 1986 Continuing Resolution, Sec. 505.
To pay U.N. assessments, arrearages or dues? Yes

- i. FY 1986 Continuing Resolution, Sec. 506.
To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)? Yes

- j. FY 1986 Continuing Resolution, Sec. 510.
To finance the export of nuclear equipment, fuel, or technology? Yes

- k. FY 1986 Continuing Resolution, Sec. 511.
For the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Yes

- l. FY 1986 Continuing Resolution, Sec. 516.
To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes

D. The Anti-Drug Abuse Act of 1986, the Bumpers Amendment (Section 209 of the Supplemental Appropriations Act of 1986) and the Lautenberg Amendment (Section 559 of the FY 1987 Continuing Resolution) are not applicable to or are complied with by this CIP Program.

USAID MAPUTO

MINISTÉRIO DA COOPERAÇÃO

Annex K

Date Rec'd 10/11/87

Action Due

Assigned to SILVA

Action Taken No. 04/GMCOOP/87

RAM

Cable No.

Letter No.

Other

Date Completed 1/11/87 Assmitar - Request for 1987 USAID Assistance

File

JAN 16 1987
TAPETA

Maputo, 08 de Janeiro de 1987

Excellency,

As your Excellency may be aware, the Government of the People's Republic of Mozambique is envisaging in 1987 to start with the programme for economic recovery within objectives of revitalizing several socio-economic sectors.

For the success of this programme and our internal efforts, it is needed to call upon the international community to intervene with complementary resources.

Considering the good relationships between our two Government and;
Considering the existing economic support fund since 1984 directed to the private and cooperative sectors specially in the agriculture field in Maputo and Gaza Provinces;

Considering that the recovery programme is guided to rehabilitate the agriculture and light industry in order to produce consumer goods to supply primarily the rural population;

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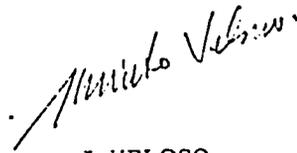
TO:
His Excellency
Mr. PETER JOHN DE VOS
United States Ambassador to Mozambique
MAPUTO

-151-

In this way, our programme of cooperation with USAID is seted up into the recovering economic programme and therefore, our programme of cooperation will maintain the same spirit of previous years.

Thus, I would like on behalf of the Government of the People's Republic of Mozambique to request to your Government the possibility of contributing with a sum up to US\$ 10 millions of ESF (economic support fund) to be used for the importation of agricultural implements for private and cooperative sectors in 1987. Beside this I could appreciate if your Government is able to provide to us an additional amount up to US\$ 2 million for technical assistance and training in connection with recovery programme.

I avail this opportunity to renew to your Excellency the assurance of my highest consideration.



J. VELOSO

MINISTER FOR COOPERATION

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INFO RUEHTO/AMEMBASSY MAPUTO 3804
BT
UNCLAS STATE 057340

AIDAC

E.O. 12356: N/A

SUBJECT: MOZAMBIQUE COMMODITY IMPORT PROGRAM IV
(656-0221)

REF: (A) MBABANE 624 (B) STATE 18297

1. BUREAU ENVIRONMENTAL OFFICER (BEO) DELEGATES AUTHORITY FOR APPROVAL IEE IN ACCORDANCE WITH PROCEDURES OUTLINED IN REF B. THE REGIONAL LEGAL ADVISOR AND THE MISSION DIRECTOR ARE THE APPROVING AUTHORITIES.

2. ALL MESSAGES FROM FIELD TO AID/W RELATING TO ENVIRONMENTAL PROGRAM, PROJECT ACTIVITIES AND DOA ON IEE'S SHOULD BE DIRECTED TO AFF/PD AND AFR/TR FOR ACTION. WHITEHEAD

BT
#7340

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INFO RUEHMB/AMBASSY MBABANE 0209
BT
UNCLAS STATE 071518

MAR 12 1987

AIDAC MBABANE FOR RLA

E.O. 12350: N/A

SUBJECT: MOZAMBIQUE - FY 87 AMENDMENT TO PRIVATE SECTOR
AGRICULTURAL REHABILITATION PROGRAM - ZORINSKY AMENDMENT
REQUIREMENTS

REF: STATE 32176

1. REFTEL NOTED NEEDED FOR RESOLUTION OF MOZAMBIQUE
PROGRAM'S STATUS UNDER THE ZORINSKY AMENDMENT, REQUIRING
THAT 13 PERCENT OF ALL ESF FUNDED CIPS BE USED FOR
AGRICULTURAL PRODUCTS OF US ORIGIN. NO DECISION HAS YET
BEEN MADE AS TO WHICH PROGRAMS ARE COVERED BY ZORINSKY
AND THUS INCLUDED IN THE BASE AGAINST WHICH THE 13
PERCENT REQUIREMENT IS MEASURED. HOWEVER, THE
REQUIREMENT IS AGENCY-WIDE, NOT COUNTRY-BY-COUNTRY, AND
EVEN IF MOZAMBIQUE IS INCLUDED IN THE BASE CALCULATION
IT WILL NOT BE REQUIRED TO HELP MEET THE 13 PERCENT
REQUIREMENT; THIS WILL BE MET BY OTHER COUNTRIES.

SHULTZ
BT
#1513

ACTN	Date/PCAS	<input type="checkbox"/>	ADN	<input type="checkbox"/>
DCM	Act. CID	<input checked="" type="checkbox"/>	ADN	<input checked="" type="checkbox"/>
FOL	Assign/MS	<input type="checkbox"/>	CFD	<input type="checkbox"/>
EDM	Action/MS	<input type="checkbox"/>		<input type="checkbox"/>
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A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

COMMODITY IMPORT GRANT AGREEMENT

BETWEEN

THE UNITED STATES OF AMERICA

AND

THE PEOPLE'S REPUBLIC OF MOZAMBIQUE

FOR

AGRICULTURAL SECTOR RELATED COMMODITIES

DATE: March __, 1987

App.: 72-117/81037
BPC: GES7-87-31656-KG32
All.: 770-61-656-00-59-71

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

TABLE OF CONTENTS

<u>Article 1.</u>	<u>The Grant</u>	1
<u>Article 2.</u>	<u>Conditions Precedent to Disbursement</u>	1
Section 2.1.	First Disbursement	1
Section 2.2.	Notification	2
Section 2.3.	Terminal Date for Meeting Conditions Precedent	2
<u>Article 3.</u>	<u>Procurement, Eligibility, and Utilization of Commodities</u>	2
Section 3.1.	A.I.D. Regulation 1	2
Section 3.2.	Eligible Items	3
Section 3.3.	Procurement Source	4
Section 3.4.	Eligibility Date	4
Section 3.5.	Procurement	4
Section 3.6.	Motor Vehicles	4
Section 3.7.	Financing Physical Facilities	4
Section 3.8.	Utilization of Commodities	5
Section 3.9.	Shipping	5
Section 3.10.	Insurance	6
<u>Article 4.</u>	<u>Disbursement</u>	7
Section 4.1.	Letters of Commitment to United States Banks	7
Section 4.2.	Other Forms of Disbursement Authorizations	7
Section 4.3.	Terminal Date for Disbursement	7
<u>Article 5.</u>	<u>Covenants</u>	7
Section 5.1.	Taxation	7
Section 5.2.	Reports and Records	8
Section 5.3.	Completeness of Information	8
Section 5.4.	Minimum Size of Transactions	8
Section 5.5.	Generation and Use of Local Currency	9
Section 5.6.	Continuing Consultation	10

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

**AGRICULTURAL SECTOR RELATED
COMMODITY IMPORT PROGRAM GRANT AGREEMENT**

Date: _____, 1987

Between

**The Government of the People's Republic of Mozambique
("Grantee")**

and

The United States of America,

acting through

the Agency for International Development ("A.I.D.")

ARTICLE 1

The Grant

A.I.D. agrees to grant to the Grantee, pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed Seven Million Four Hundred Thirty Thousand United States Dollars (\$7,430,000) for commodity and commodity-related services, as such services are defined in A.I.D. Regulation 1, needed to assist the Grantee in achieving economic development of its agricultural sector. Annex A, attached, further describes the program and sets forth an approved list of agriculture-related commodity imports. Elements of Annex A may be changed by written agreement of the authorized representatives of the Parties as described in Section 7.2., without formal amendment of this Agreement. Commodities and commodity-related services authorized to be financed hereunder are hereinafter referred to as "Eligible Items," as more fully described in Section 3.2.

A.I.D. Project No. 656-0201
 A.I.D. Grant No. 656-K-601C

Page 2

ARTICLE 2

Conditions Precedent to Disbursement

Section 2.1. First Disbursement. Prior to the first disbursement under this Agreement, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) an opinion of the Attorney General of Mozambique that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;
- (b) evidence that the commercial sale price established for A.I.D.-financed tractors, tractor implements, trucks and other commodities is in accordance with the Agreement of the Parties on prices established under Section 5.9, below;
- (c) an executed Trust Fund Agreement between the Grantee and A.I.D. for local currencies to be made available for administrative uses of the United States under Section 5.5.(a) of Grants 656-K-601, 656-K-601A, 656-K-601B and 656-K-601C; and
- (d) a statement representing and warranting that the named person or persons have the authority to act as the representative or representatives of the Grantee pursuant to Section 7.2., together with a specimen signature of each person, certified as to its authenticity.

Section 2.1. Notification. When A.I.D. has determined that the conditions precedent specified in Section 2.1. have been met, it will promptly notify the Grantee by Implementation Letter issued pursuant to Section 7.1. of this Agreement.

Section 2.3. Terminal Date for Meeting Conditions Precedent. If all the conditions specified in Section 2.1. have not been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may specify in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

A.I.D. Project No. 656-0201
 A.I.D. Grant No. 656-K-601C

Page 3

ARTICLE 3

Procurement, Eligibility, and Utilization of Commodities

SECTION 3.1. A.I.D. Regulation 1. This Grant and the procurement and utilization of commodities and commodity-related services financed under it are subject to the terms and conditions of A.I.D. Regulation 1 as from time to time amended and in effect, except as A.I.D. may otherwise specify in writing. If any provision of A.I.D. Regulation 1 is inconsistent with a provision of this Agreement, the provision of this Agreement shall govern.

Section 3.2. Eligible Items.

(a) The commodities eligible for financing under this Grant shall be those specified in Annex A and the A.I.D. Commodity Eligibility Listing as set forth in the Implementation Letters and Commodity Procurement Instructions issued to the Grantee. Commodity-related services as defined in A.I.D. Regulation 1 are eligible for financing under this Grant. Other items shall become eligible for financing only with the written agreement of A.I.D. A.I.D. may decline to finance any specific commodity or commodity-related service when in its judgment such financing would be inconsistent with the purpose of the Grant or of the Foreign Assistance Act of 1961, as amended.

(b) A.I.D. reserves the right in exceptional situations to delete commodity categories or items within commodity categories described by Schedule B codes on the Commodity Eligibility Listing. Such right will be exercised at a point in time no later than commodity prevalidation by A.I.D. (Form 11 approval) or, if no commodity prevalidation is required, no later than the date on which an irrevocable Letter of Credit is confirmed by the U.S. bank in favor of the supplier. If no prevalidation is required and payment is not by Letter of Credit, A.I.D. will exercise this right no later than the date on which it expends funds made available to the Grantee under this Agreement for the financing of the commodity. In any event, however, the Grantee will be notified through the A.I.D. Mission in its country of any decision by A.I.D. to exercise this right pursuant to a determination that financing the commodity would adversely affect A.I.D. or foreign policy objectives of the United States or could jeopardize the safety or health of people in the importing country.

A.I.D. Project No. 656-0201
 A.I.D. Grant No. 656-K-601C

Page 4

Section 3.3. Procurement Source. All Eligible Items shall have their source and origin in countries included in Code 000 of the A.I.D. Geographic Code Book, except as A.I.D. may otherwise agree in writing. The following exceptions to Code 000 procurement have been approved by A.I.D. for this project:

- (a) Code 899 procurement for spare parts for agricultural trucks, tractors and machinery; estimated value: \$615,000;
- (b) Code 899 procurement for seeds; estimated value: \$1,420,000;
- (c) Code 941 procurement for motorcultivators; estimated value: \$135,000;
- (d) Code 899 procurement for light weight trucks and motorcycles; estimated value: \$790,000;
- (e) Code 941 procurement for bicycles; estimated value: \$200,000;
- (f) Code 899 procurement for diesel fuel and lubricants; estimated value: \$1,000,000;
- (g) Code 899 procurement for irrigation equipment; estimated value: \$500,000;
- (h) Code 941 procurement for tractors, tractor implements and general agricultural related inputs; estimated value: \$1,070,000;
- (i) Code 941 procurement for natural rubber; estimated value: \$100,000; and

Section 3.4. Eligibility Date. No commodities or commodity-related service may be financed under the Grant if they were procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as A.I.D. may otherwise agree in writing.

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Page 5

Section 3.5. Procurement. All procurement under the Grant will follow the negotiated procurement procedures of Section 201.23 of A.I.D. Regulation 1. However, the importer(s) may elect instead to use the formal competitive procedures set forth in Section 201.22 of A.I.D. Regulation 1 for specific procurements.

Section 3.6. Motor Vehicles. Except as A.I.D. may otherwise agree in writing, none of the proceeds of this Grant may be used to finance the purchase, sale, long-term lease, exchange, or guaranty of a sale of motor vehicles, unless such motor vehicles are manufactured in the United States.

Section 3.7. Financing Physical Facilities. Not more than \$1,000,000 from the proceeds of this Grant shall be used for the purchase of commodities or commodity-related services for use in the construction, expansion, equipping, or alteration of any physical facility or related physical facilities without prior A.I.D. approval, additional to the approvals required by A.I.D. Regulation 1, except as A.I.D. may otherwise agree in writing. "Related Physical Facilities" shall mean those facilities which, taking into account such factors as functional interdependence, geographical proximity, and ownership, constitute a single enterprise in the judgment of A.I.D.

Section 3.8. Utilization of Commodities.

(a) Grantee will assure that commodities financed under this Grant will be effectively used for the purpose for which the assistance is made available. To this end, the Grantee will use its best efforts to assure that the following procedures are followed:

(1) accurate arrival and clearance records are maintained by customs authorities; commodity imports are promptly processed through customs at points of entry; such commodities are removed from customs and/or bonded warehouses within ninety (90) calendar days from the date the commodities are unloaded at the point of entry, unless the importer is hindered by force majeure or A.I.D. otherwise agrees in writing; and

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Page 6

(2) the commodities are consumed or used by the importer not later than one (1) year from the date the commodities are removed from customs, unless a longer period can be justified to the satisfaction of A.I.D. by reason of force majeure or special market conditions or other circumstances.

(b) Grantee will assure that commodities financed under this Grant will not be re-exported in the same or substantially the same form, unless specifically authorized by A.I.D.

Section 3.9. Shipping.

(a) Commodities may not be financed under this Grant if transported either:

(1) on an ocean vessel or aircraft under flag registry of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment; or

(2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or

(3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Unless otherwise authorized, A.I.D. will finance only those transportation costs incurred on aircraft or ocean vessels under flag registry of a country included in the Geographic Code authorized in Section 3.3. of the Agreement.

(c) Unless A.I.D. determines that privately-owned United States flag commercial ocean vessels are not available at fair and reasonable rates for such vessels,

(1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed by A.I.D. which may be transported on ocean vessels, and

(2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported on dry cargo liners

A.I.D. Project No. 656-0201
 A.I.D. Grant No. 656-K-601C

Page 7

shall be paid to or for the benefit of privately-owned United States flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both cargo transported from U.S. ports and cargo transported from non-U.S. ports, computed separately.

(d) All international air shipments financed under this Grant shall originate on a carrier holding U.S. Certification to provide such service. Such shipments shall be made in accordance with the International Air Transportation Fair Competitive Practices Act of 1974, as amended, under guidelines furnished to the Grantee by A.I.D.

Section 3.10. Insurance. Marine insurance on commodities financed by A.I.D. under this Grant may also be financed under this Grant provided that such insurance is placed with a company authorized to conduct business in the United States, unless A.I.D. agrees otherwise in writing.

ARTICLE 4

Disbursement

Section 4.1. Letters of Commitment to United States Banks. After satisfaction of the conditions precedent, the Grantee may obtain disbursements of funds under this Grant by submitting Financing Requests to A.I.D. for the issuance of Letters of Commitment for specified amounts to one or more banking institutions in the United States designated by the Grantee and satisfactory to A.I.D. Such letters will commit A.I.D. to reimburse the bank or banks on behalf of the Grantee for payments made by the banks to suppliers or contractors, under Letters of Credit or otherwise, pursuant to such documentation requirements as A.I.D. may prescribe. Banking charges incurred in connection with Letters of Commitment and disbursements shall be for the account of the Grantee and may be financed by this Grant.

Section 4.2. Other Forms of Disbursement Authorizations. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

A.I.D. Project No. 656-0201
 A.I.D. Grant No. 656-K-601C

Page 8

Section 4.3. Terminal Date for Disbursement. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment or other commitment documents which may be called for by another form of disbursement under Section 4.2. shall be issued in response to a request received by A.I.D. after eighteen (18) months, and no disbursement of Grant funds shall be made against documentation received by A.I.D. or any bank described in Section 4.1. after twenty-four (24) months, from the date of this Agreement.

ARTICLE 5

Covenants

Section 5.1. Taxation. This Agreement and the Grant will be free from any taxation, duties or fees imposed under laws in effect in Mozambique. To the extent that any commodity procurement transaction financed hereunder is not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect within Mozambique, the same shall not be paid with funds provided or directly generated under this Grant.

Section 5.2. Reports and Records. In addition to the requirements in A.I.D. Regulation 1, the Grantee will:

- (a) furnish A.I.D. such reports and information related to the goods and services financed by this Grant and the performance of the Grantee's obligations under this Agreement as A.I.D. may reasonably request;
- (b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records relating to this Grant as may be prescribed in Implementation Letters. Such books and records may be inspected by A.I.D. or any of its authorized representatives at all times as A.I.D. may reasonably require, and shall be maintained for three (3) years after the date of last disbursement by A.I.D. under this Grant; and
- (c) permit A.I.D. or any of its authorized representatives at all reasonable times during the three (3) year period to inspect the commodities financed under this Grant at any point, including the point of use.

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Page 9

Section 5.3. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Grant and the discharge of responsibilities under this Agreement; and

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Grant or the discharge of responsibilities under this Agreement.

Section 5.4. Minimum Size of Transactions. No foreign exchange allocation or Letter of Credit issued pursuant to this Agreement shall be in an amount less than Ten Thousand United States Dollars (\$10,000), except as A.I.D. may otherwise agree in writing.

Section 5.5. Generation and Use of Local Currency.

(a) The Grantee will establish a Special Account in the Banco Standard Totta de Moçambique and will deposit therein currency of the Government of Mozambique in amounts equal to proceeds accruing to the Grantee or any authorized agency thereof as a result of the sale of the Eligible Items. Where eligible items are imported and sold by the Grantee or its agencies, all sales proceeds shall be deposited in the special account. Where eligible items are imported and sold by the private sector, the local currency equivalent of the dollar financing made available to the private importer under this Grant shall be deposited in the special account. Funds in the Special Account shall be utilized for mutually agreed upon development purposes provided that such portion of the funds in the Special Account as may be designated by A.I.D. shall be made available to meet the requirements of the United States, which for purposes of this Agreement shall be deemed to be three and one-half percent (3-1/2%) of total local currency generations, less any amounts deposited from the collection of surcharges for the sale of A.I.D.-financed tractors, tractor implements, trucks and other commodities, in accordance with Section 5.8., below.

A.I.D. Project No. 656-0201
 A.I.D. Grant No. 656-K-601C

Page 10

(b) In the event that Eligible Items financed under the Grant are not sold and the proceeds thereof deposited in accordance with Subsection (a) of Section 5.5., the Grantee will, except as A.I.D. may otherwise agree in writing, deposit into the Special Account amounts equivalent in Meticais to the U.S. Dollar disbursement for such Eligible Items.

(c) Except as A.I.D. may otherwise agree in writing, deposits to the Special Account shall be within thirty (30) days after the Bank of Mozambique receives shipping and related documents for each importation. Such deposits shall be based upon the highest legal rate of exchange in effect on the day that the Bank of Mozambique receives the shipping documents. The Grantee will provide A.I.D. with a monthly report showing the allocation number, the Letter of Credit number, and date of disbursement by the U.S. bank, the amount in U.S. dollars, the amount in Mozambique Meticais, and the date of deposit in this Special Account.

(d) The Grantee will provide A.I.D. with a detailed accounting of the use of such local currency; the timing and format for such reports will be specified in an Implementation Letter.

(e) Any encumbered balances of funds which remain in the Special Account one (1) year from the terminal date for disbursement under Section 4.3. of this Agreement shall be disbursed for such purposes as may, subject to applicable law, be agreed between the Grantee and A.I.D.

Section 5.6. Continuing Consultation. The Grantee and A.I.D. agree to cooperate fully to assure that the purpose of the Grant will be accomplished. To this end, the Grantee and A.I.D. shall from time to time, at the request of either Party, exchange views through their representatives with regard to the Grantee's economic development and its progress in achieving the objectives of its development program, including to the extent publicly available, the level of current expenditures and its foreign exchange position, and the performance of the Grantee of its obligations under this Agreement, the performance of consultants or suppliers under the Grant, and other matters relating to this Agreement.

Section 5.7. End Use Covenant. The Grantee covenants that the commodities imported under this Agreement will be sold or otherwise distributed to the Mozambique private farming sector, including both commercial and small farmers and cooperatives, or will be sold to private sector agriculture-related concerns, including transporters.

A.I.D. Project No. 656-0201
 A.I.D. Grant No. 656-K-601C

Page 11

Section 5.8. Importers and Distributors. The Grantee and A.I.D. agree that best efforts should be made to increase the involvement of private sector firms in the importation and distribution of commodities financed under this Agreement.

Section 5.9. Pricing of Commodities. The Grantee agrees that, unless otherwise agreed by A.I.D. in writing, it will assure, in consultation with A.I.D., that the local sale price for A.I.D.-financed tractors, tractor implements, trucks and other commodities reflects the true economic value of the items and generates a fair return to capital.

Section 5.10. Special Account. The Grantee agrees that in the event that price increases or surcharges are instituted in order to comply with Section 5.9. of this Agreement, such amounts generated therefrom will be deposited in the special account referred to in Section 5.5.(a) of this Agreement

Section 5.11. Economic Development Activities. The Grantee agrees that, unless otherwise agreed by A.I.D. in writing,

(a) no less than seventy-five percent (75%) of the local currency proceeds required to be deposited into the special account will be utilized for mutually agreed upon economic development activities;

(b) the balance may be used for these and other mutually agreed upon purposes; and

(c) commodities imported under this Agreement will be used to meet long-term development needs, as more fully described in implementation letters.

Section 5.12. Private Voluntary Organizations and the Private Sector. The Grantee and A.I.D. agree that funds in the Special Account shall be made available, on a priority basis, to support private voluntary organizations ("PVOs") and the private sector to the extent practicable.

ARTICLE 6

Termination; Remedies

Section 6.1. Termination. This Agreement may be terminated by mutual agreement of the Parties at any time. Either Party may terminate this Agreement by giving the other Party thirty (30) days written notice.

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Page 12

Section 6.2. Suspension. If at any time:

- (a) the Grantee shall fail to comply with any material provision of this Agreement; or,
- (b) any representation or warranty made by or on behalf of the Grantee with respect to obtaining this Grant or made or required to be made under this Agreement is incorrect in any material respect; or,
- (c) an event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purposes of the Grant will be attained or that the Grantee will be able to perform its obligations under this Agreement; or,
- (d) any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.;

then, in addition to remedies provided in A.I.D. Regulation 1, A.I.D. may, following consultation with the Grantee:

- (1) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through irrevocable commitments to third parties or otherwise, or to the extent that A.I.D. has not made direct reimbursement to the Grantee thereunder giving prompt notice to the Grantee thereafter;
- (2) decline to issue additional commitment documents or to make disbursements other than under existing ones; and,
- (3) at A.I.D.'s expense, direct that title to goods financed under the Grant be vested in A.I.D., if the goods are in a deliverable state and have not been offloaded at points of entry in Mozambique.

Section 6.3. Cancellation by A.I.D. If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section 6.2., the cause or causes thereof have not been corrected, A.I.D., following consultation with the Grantee, may cancel any part of the Grant that is not then disbursed or irrevocably committed to third parties.

A.I.D. Project No. 656-0201
 A.I.D. Grant No. 656-K-601C

Page 13

Section 6.4. Refunds.

(a) In addition to any refund otherwise required by A.I.D. pursuant to A.I.D. Regulation 1, if A.I.D. determines that any disbursement is not supported by valid documentation in accordance with this Agreement, or is in violation of United States law, or is not made or used in accordance with the terms of this Agreement, A.I.D. may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of request therefor. Refunds paid by the Grantee to A.I.D. resulting from violations of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement and shall be available for reuse under the Agreement if authorized by A.I.D. in writing.

(b) The right to require such a refund of a disbursement will continue notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

Section 6.5. Nonwaiver of Remedies. No delay in exercising or omitting to exercise, any right, power, or remedy accruing to A.I.D. under this Agreement will be construed as a waiver of such rights, powers, or remedies.

ARTICLE 7

Miscellaneous

Section 7.1. Implementation Letters. From time to time, for the information and guidance of both parties, A.I.D. will issue Implementation Letters and Commodity Procurement Instructions describing the procedures applicable to the implementation of the Agreement. Except as permitted by particular provisions of this Agreement, Implementation Letters and Commodity Procurement Instructions will not be used to amend or modify the text of this Agreement.

Section 7.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of the Governor of the Bank of Mozambique, and A.I.D. will be represented by the individual holding or acting in the Office of the A.I.D.

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Page 14

Affairs Officer in Maputo, each of whom, by written notice, may designate additional representatives. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D. which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 7.3. Communications. Any notice, request, document, or other communications submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the Grantee:

Mail Address: Banco de Mocambique
Caixa Postal 423
Maputo, Mocambique

Alternate Address for Telex: 6-355 BMM MO, or
6-357 BMM MO

TO A.I.D.:

Mail Address: A.I.D. Affairs Office
American Embassy
Caixa Postal 783
Maputo, Mocambique

Alternate Address for Telex: 6-180 USAID MO, or
6-143 AMEMB MO.

ARTICLE 8

Tied A.I.D. Credit Program

Notwithstanding any other provision of this Agreement, and pursuant to Section 645 of the Trade and Development Enhancement Act of 1983 ("Act"), Public Law 98-181, A.I.D. may direct that all or a portion of the funds made available in Article 1 of this Agreement be used to establish a Tied A.I.D. Credit Program ("Program") with the Grantee on terms and conditions which are consistent with both the provisions of the Act and the Program Description, contained in Annex B

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Page 15

of this Agreement. Funds under the Program will be used to provide contributions in connection with the financing of eligible transactions, which are described in the Program Description.

All funds provided under the Program shall be for the account of the Grantee and shall be subject to the financial terms described in Article 4 of this Agreement. Until such time and unless the funds made available in this Agreement are used under the Program as contributions in connection with the financing of eligible transactions, those funds remain available to the Grantee to finance the purchase of commodities and commodity-related services as described in Article 3 of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

FOR THE
GOVERNMENT OF THE PEOPLE'S
REPUBLIC OF MOZAMBIQUE

FOR THE
GOVERNMENT OF THE
UNITED STATES OF AMERICA

Jacinto Soares Veloso
Ministro da Cooperacao

Michael E. Ranneberger
Charge D'Affaires, a.i.

Alan A. Silva
A.I.D. Affairs Officer

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Annex A, Page 1 of 1

ANNEX A

Approved List of Agricultural Sector

Related Commodity Inputs

The Agricultural Sector Related Commodity Import Program has as its objective the provision of agricultural inputs and incentive goods to private farmers and raw materials for selected private industrial enterprises in the areas of Chokwe, Xai-Xai, and Maputo Province. The \$7,430,000 Commodity Import Program will import a wide range of commodities needed to increase food production. The following is a list of the types of commodities planned for importation:

1. Agricultural equipment: tractors, motorcultivators, tractor implements (disc plows, disc harrows) and knapsack sprayers;
2. Transportation equipment: trucks (8-ton, pickups, 3 ton), bicycles and motorcycles;
3. Spare parts for tractors, trucks, motorcultivators, tractor implements and seed cleaners;
4. Irrigation equipment: diesel pump sets and accessories;
5. Fertilizer: N-P-K and urea;
6. Seeds: potatoes, maize, garlic, cowpea, wheat, beans, peanut, vegetables;
7. Farm to market containers;
8. Diesel fuel and lubricants, trucks, irrigation pumps, and motorcultivators; and
9. Raw materials for boots, hose, irrigation pipe, truck and tractor batteries, tires, roofing sheets, and fencing.

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Annex B, Page 1 of 2

ANNEX B

Program Description:

Tied A.I.D. Credit Program

Purpose.

The Tied A.I.D. Credit Program ("Program") has been established to provide grants for eligible transactions where the grants will be used in connection with the importation of United States exports. Grants made available under this Program may be used when the Grantee or any public or private entity issues an international tender for the purchase of commodities to be imported into Mozambique in response to which a U.S. supplier submits a bid which offers the lowest price for the commodities, but a non-U.S. supplier submits the lowest overall bid because concessional financing terms are being offered in support of the non-U.S. bid. In each such transaction, funds under the Program are available to be used to equalize the concessional financing terms of the U.S. bid with those offered by the non-U.S. bid.

Eligible Transactions.

Except as the parties may otherwise agree in writing:

- (1) Grants are available only to match concessional credit terms offered by or arranged for in support of a tender of a non-U.S. supplier in an international tender competition in which a U.S. supplier, as defined in A.I.D. Handbook 1, has submitted a bid.
- (2) "Concessional Credit" is defined as credit that has a grant element, as defined by the Development Assistance Committee of the Organization for Economic Cooperation and Development, greater than zero. However, the grant element of an official export credit extended on credit terms that are in accordance with the credit norms of the OECD arrangement shall be considered as zero for purposes of determining the applicability of the Program.

-175-

A.I.D. Project No. 656-0201
A.I.D. Grant No. 656-K-601C

Annex B, Page 2 of 2

- (3) Funds shall not be available under the Program in cases in which the concessional financing in support of a non-U.S. supplier has a grant element that is at least fifty (50) percent.
- (4) Funds shall not be available under the Program to finance price differences between the U.S. supplier and the non-U.S. supplier.
- (5) The purchaser of the U.S. exports may be a public or private entity.
- (6) The international tender, in order to be an eligible transaction, must allow for a clear determination of the lowest responsive bidder on the basis of fixed price.
- (7) A U.S. supplier or firm, as defined in A.I.D. Handbook 1, must be the lowest responsive bidder but for the concessional financing terms of the non-U.S. bid.
- (8) The international tender must be for the purchase of eligible items, as defined in Section 3.2. of the Grant Agreement between the Government of the People's Republic of Mozambique and the United States of America, dated March __, 1987, A.I.D. Grant No. 656-K-601C.

Amount of Funding.

The amount of funding available under the Program for each transaction shall not exceed the sum required to provide for the difference between the discounted present value ("DPV") of the U.S. financing package and that of the non-U.S. supplier. The computation of the DPV's shall be made using the Development Assistance Committee, Organization for Economic Cooperation and Development method, except that the base data shall be the Berne Union starting point, and an Annual Discount Rate of ten (10) percent for repayments that are made on an annual basis, and 4.8809 percent when repayments are semi-annual.

BEST AVAILABLE DOCUMENT

176

TRUST FUND AGREEMENT
between the
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF MOZAMBIQUE
and the
UNITED STATES OF AMERICA
acting through the
AGENCY FOR INTERNATIONAL DEVELOPMENT

AMENDMENT NUMBER THREE

WHEREAS, the Government of the People's Republic of Mozambique (hereinafter known as the "GPRM") and the Agency for International Development (hereinafter known as "A.I.D.") have entered into an Agricultural Sector Import Grant Agreement No. 656-K-601 dated September 29, 1984, and Agricultural Sector Related Commodity Import Program Agreement Nos. 656-K-601A dated August 27, 1985, 656-K-601B dated June 10, 1986, and 656-K-601C dated March __, 1987, and may enter into similar agreements in future years;

WHEREAS, the GPRM and A.I.D. have entered into a Trust Fund Agreement dated August 27, 1985, as amended;

WHEREAS said Trust Fund Agreement expresses the mutual agreement of the Parties hereto concerning the establishment and operation of an AID-administered trust fund into which a portion of the local currency generated under the above described Commodity Import Programs shall be deposited for use by A.I.D.; and

WHEREAS the GPRM and A.I.D. desire to modify said Trust Fund Agreement to reflect certain changes in the Agreement;

NOW THEREFORE the Parties hereto hereby agree as follows:

The Trust Fund Agreement dated August 27, 1985, as amended, is hereby modified to read as follows:

I

As local currency is generated under the CIP, the GPRM will deposit a percentage of such local currency, as specified below, into a separate trust fund account at the Banco Standard Totta in the name of the United States Disbursing Officer.

TRUST FUND AGREEMENT
AMENDMENT NUMBER THREE

Page 2

Such deposits shall be made from the Special Account established pursuant to Section 5.5. of the above Commodity Import Program Grant Agreements. The total amount of such deposits shall be two (2) percent of the total local currency generations for Agreement 656-K-601 and three and one-half (3-1/2) percent for Agreement 656-K-601A, 656-K-601B, 656-K-601C, and each future grant agreement under the Commodity Import Program, except as the Parties may otherwise agree in writing.

II

Disbursements from the trust fund account may be made on behalf of the GPRM by the Government of the United States of America to cover the local currency costs of operating the A.I.D. Program in Mozambique, as may be agreed upon in writing by the Parties.

Notwithstanding any provision of law, the agreed upon local currency costs for which local currency in the trust fund account may be used to cover include, but are not limited to, the following:

- the purchase or lease of supplies, equipment and other locally procured goods, including fuel and lubricants;
- the purchase of locally procured services, including customs and port service fees and handling charges;
- the purchase, lease or rental from the GPRM or others of office or residential space and utilities;
- the payment of salaries and other expenses of locally hired personnel of the A.I.D. Mission in Mozambique;
- the payment of airfares for all domestic flights within Mozambique and international flights on Linhas Aereas de Moçambique (LAM); and
- any other appropriate expenses payable in local currency.

Annex A, attached hereto, forms part of this Agreement and further delineates agreed upon local currency costs for which local currency in the trust fund account may be used to pay.

TRUST FUND AGREEMENT
AMENDMENT NUMBER THREE

III

Local currency deposited into the Trust Fund account under this Agreement shall be held by A.I.D. in trust for the GPRM and interest earnings, if any, on funds so held shall be added to the trust fund account. An accounting shall be rendered annually by A.I.D. (or at such other intervals as are agreed to by A.I.D. and the Banco de Moçambique) of the uses made of all funds deposited into the Trust Fund account under this Agreement.

IV

This Agreement shall terminate upon termination of the United States assistance program to Mozambique or upon the mutual agreement of the GPRM and A.I.D., whichever occurs earlier. Any balance remaining in the trust fund account upon termination of this Agreement shall be returned to the GPRM by A.I.D.

V

This Agreement may be modified by the mutual agreement of the Parties hereto in writing.

IN WITNESS WHEREOF the GPRM and A.I.D., each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

For the
Government of the People's
Republic of Mozambique

For the
United States Agency for
International Development

(Name)
(Title)

Alan A. Silva
A.I.D. Affairs Officer

March __, 1987

March __, 1987

- 179 -

TRUST FUND AGREEMENT

Annex A

The following list includes some of the specific local currency costs for which local currency in the trust fund account may be used to cover. This list is not all inclusive and does not in any way supercede or limit Section II of the Trust Fund Agreement.

1. Rent for Residences:

Av. Kim Il Sung, 1239

Av. Julius Nyerere, 1515

2. Utilities: Phone, water, electricity for:

A. Av. Kim Il Sung, 1239
Phone 74 44 83

B. Av. Julius Nyerere, 1515
Phone 74 39 90

C. Av. Kenneth Kaunda, 141
Phone 74 37 49

D. Av. do Zimbabwe, 1476
Phone 74 18 51

E. Rua Faria de Sousa, 107
Phone 74 44 82, 74 44 84, and 74 16 89

3. Telex:

A.I.D.'s portion of telex bill, in U.S. Embassy's name,
No. 6-143 AMEMB MO.

A.I.D.'s telex bill, No. 6-180 USAID MO.

INITIAL ENVIRONMENTAL EXAMINATION

- A. Country: Mozambique
- B. Program Title: Private Sector Rehabilitation IV Program (PSRP) (656-0201C)
- C. Funding: FY 1987 ESF funds up to authorized amount of \$9,835,000, for total LOP of \$40,405,000
- D. Life of Program: FY 1984 - FY 1987
- E. IEE Prepared by: Donald Keene, RLA/SA
Lynn A. Keeyes, PDO, USAID/Swaziland
- E. Action Recommended: Negative Threshold Decision

Problem: You are requested to make a negative threshold decision pursuant to 22 CFR Part 216.3 (Environmental Regulations) that the proposed FY 1987 Mozambique Private Sector Rehabilitation Program (PSRP) (656-0201) will not have a significant effect on the environment.

Discussion: The purpose of this Commodity Import Program (CIP) is to assist Mozambique to expand the role of the private sector in the development of its agriculture sector. More specifically, the program will provide agricultural inputs and farm and transport equipment to private farmers and raw materials for selected private industrial enterprises which support the agriculture sector, in the CIP target areas of Maputo province, Xai-Xai, and Chokwe district.

The commodities list includes: seeds, fertilizers, tractors, motorcultivators, knapsack sprayers, irrigation equipment, trucks, bicycles, motorcycles, plastic boxes, spare parts for trucks, tractors and tractor implements, diesel and lubricants and raw materials for the manufacture of tires, corrugated roofing sheets, rubber boots, hose, irrigation pipes, truck and tractor batteries, and fencing mesh. No pesticides will be procured under the CIP.

It is not reasonably foreseeable that any significant environmental impact will result from the normal and expected use of the commodities which will be financed by the program. In accordance with the Grant Agreement, the commodities are to be used for development purposes and the end users are to be private farmers or private agriculture-related concerns. It is not expected that the use of the CIP commodities will fit within the classes of actions set forth in AID Handbook 3, Appendix 2D, page 2D-5, normally having a significant effect on the environment.

BEST AVAILABLE DOCUMENT

-181-

The FY 1984-1986 CIPs were categorically excluded from the requirement of conducting an initial environmental examination (IEE) based on the following exclusion criteria:

"Assistance provided under a [CIP] when, prior to approval, AID does not have knowledge of the specific commodities to be financed and when the objective in furnishing such assistance requires neither knowledge, at the time the assistance is authorized, nor control during implementation, of the commodities or their use in the host country."

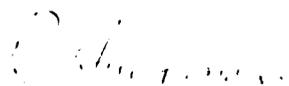
Under the FY 1987 CIP, AID has knowledge, prior to program approval, of the specific commodities to be financed and, therefore, is not eligible for a categorical exclusion. Due to the nature of the CIP, however, AID will not have control or knowledge of the specific uses of the commodities to be imported. Moreover, in providing CIP assistance to Mozambique, AID does not require, either prior to approval of financing or prior to or during implementation of specific activities, knowledge or control of the details of the specific uses and specific activities involving the imported commodities.

Based on the above discussion, the AAO/Maputo anticipates no significant immediate or long term adverse impact on the environment as a result of the FY 1987 CIP program.

Delegation of Authority: Per State 57340, included in the PAAD as Annex M, you are authorized to approve the initial environmental examination for the FY 1987 PSRP.

Recommendation: Based upon the above justification, it is recommended that, by signing below, you make a negative threshold decision that the proposed FY 1987 PSRP for Mozambique will not have a significant effect on the environment.

Negative Threshold Decision



Robert Huesmann
Mission Director,
USAID/Swaziland

March 27, 1987

Positive Threshold Decision

Robert Huesmann
Mission Director,
USAID/Swaziland

BEST AVAILABLE DOCUMENT

Clearances:

AASilva, AAO, AAO/Maputo (draft), 3/14/87

JAShane, CMO, AAO/Maputo (draft), 3/14/87

AMartinez-Reboyras, PO, AAO/Maputo (draft), 3/14/87