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Annex A  
MOZAMBIQUE

*A Report to the Congress on*

**DEVELOPMENT NEEDS  
and OPPORTUNITIES for  
COOPERATION in  
SOUTHERN AFRICA**



United States Agency for International Development/March 1979

MOZAMBIQUETable of Contents

	<u>Page</u>
I. Summary Conclusions	1
II. Overview	10
A. Geography	10
B. Social Structure	14
III. Scope and Causes of Poverty	18
A. History	18
B. Agriculture - Rural Poverty	21
C. Health	24
D. Education	28
E. Transportation	31
F. Industrialization and Employment	34
IV. Macro-Economic Situation and Trends	37
A. Balance of Payments	37
B. Government Budget	43
C. Government Investment Program	48
D. Special Factors - Food, Natural Disasters and Refugees	51
V. Mozambique's Development Plans	57
A. Constraints and Priorities	58
B. Progress in Meeting Development Objectives	62
1. Agriculture	63
2. Health Measures	67
3. Educational Progress	71
4. Role of Women	74
5. Role of Private Enterprise	77
C. Foreign Assistance	79
VI. Possible Strategy Options	83
A. Agriculture	84
B. Transportation	88
C. Manpower and Education	92
D. Urban Development and Housing	93
E. Fisheries	94
F. Health	94
G. Forestry	96
H. Tourism	96
I. Industry and Mining	96
J. Elements of a Regional Strategy	97
Bibliography	100

I. Summary Conclusions

Mozambique is a developing country of substantial economic and human development potential. However its resource endowment in minerals, agriculture and industry will remain untapped until a series of historically based problems are resolved.

After a decade long war, Mozambique achieved its independence from Portugal on June 25, 1975. With a population in excess of ten million, it is the most heavily populated country of southern Africa with the exception of the Republic of South Africa. Furthermore, its geographical location makes it of strategic importance to its neighbors in that its road, rail and port systems offer essential transit services for the exports and imports of the interior land-locked countries.

Many of Mozambique's current development problems can be traced to legacies of a colonial system designed to benefit largely its European inhabitants and the economic interests of Portugal. These colonial objectives were pursued in two ways.

First, the service sector was developed to earn foreign exchange from (a) transit traffic, (b) earnings remittances of Mozambican labor in neighboring countries and (c) tourist facilities, principally in Maputo and Beira. The railways, road system and three international ports of Maputo, Beira and Nacala were built primarily to service the territories of the interior, for the most part, the white-ruled governments of South Africa, Rhodesia and Nyasaland (now Malawi), rather than local needs. Resources available for infrastructure investment were therefore

concentrated on these service corridors rather than on facilities which could integrate the country and encourage the development of the local populace.

The recruitment of migrant labor, especially for the South African mines, was also an important foreign exchange earner. Under pre-independence arrangements an agreement called the Mozambique convention provided that 60 percent of the wages of Mozambican miners in South Africa be withheld. An equivalent amount in gold, at the official price of U.S. \$42 per ounce, was credited to Portugal's account in South Africa's Central Bank and credited to Mozambique's foreign resources at the official rate. The subsequent sale of the gold by Portugal at much higher world gold prices during the 1970s yielded substantial earnings for the Portuguese Government.

Tourist facilities along the coasts in and near Maputo and Beira attracted many South Africans and Rhodesians and was another important foreign exchange earner for colonial Mozambique.

In addition to the service sector, the second principal colonial objective was the development of Portuguese-owned farms and plantations along with certain primary commodity industries to supply Portugal at low prices determined by the metropole. A highly effective protective tariff and foreign exchange system was adopted to ensure that Portuguese industries supplied almost all of Mozambique's capital and consumer goods.

Very little was done to improve African agricultural production, to allow them access to education and skills necessary to compete with the Portuguese. Africans had nothing more than the most rudimentary health services. In the rural sector, where

90 percent of the population lives, Africans were pushed off the best lands, leaving little alternative except to grow and collect cotton and cashews for export at low prices through a Portuguese small trader network. For wage employment, the only opportunities were to work on European plantations and commercial farms or in public works projects at very low wages. In many instances it was forced labor.

The only Africans exempted from the forced labor requirements were the assimilados (assimilated ones); blacks who achieved their status by proving their ability to speak and write Portuguese and to earn a relatively credible income. They were few in number, however, with estimates of only 5,000 in 1950.

Armed resistance to Portuguese rule began in 1964, two years after the formation of FRELIMO (Front for the Liberation of Mozambique) which was formed from three separate independence groups. The struggle lasted ten years and was finally successful only three years ago.

Independence further stimulated the exodus of Portuguese citizens which had begun in 1976, after military attempts to defeat FRELIMO had failed. From a peak of 250,000, this population dwindled to some 20,000 after independence. The loss resulted in wide-scale manpower shortages in not only professional and technical fields, but also in skilled and even semi skilled trades.

Mozambique is now ruled by a single party, FRELIMO. The country is thoroughly committed to socialism and to economic equity. It is equally pragmatic in its development policies allowing both family farms and other private business to function within its laws. It maintains diplomatic relations with socialist and non-socialist countries and has rigidly adhered to UN sanctions against Rhodesia.

#### Development Progress

Mozambique started its recent independence as a country of extremely poor people. Annual per capita income was recently estimated as low as \$127, with a life expectancy of 44 years. When the colonial system was dismantled, the rate of illiteracy was 90 percent, health care was virtually non-existent in most rural areas, African farming was concentrated on the worst land using rudimentary techniques and Africans in urban areas were living in squalor. Furthermore, there was widespread malnutrition, and few water sources were safe for human consumption. Medical personnel, particularly for rural and urban poor, were practically non-existent and there was a paucity of productive employment.

At independence the development constraints faced by Mozambique were more formidable than in other developing countries where the colonial legacy had left at least a minimum infrastructure or trained manpower base. This was not the case in Mozambique. Development efforts of the

country to improve the well-being of its citizens are most immediately hampered by a lack of trained manpower and a critical balance of payments problem which has seen foreign exchange dwindle and the supply of even critical imports endangered. Export earnings have declined due to the termination of the favorable gold earnings of the Mozambique convention by South Africa, the embargo of trade with Rhodesia and a decline in commodity exports.

Considering constraints on manpower and finances, Mozambique has made commendable efforts to provide educational and health services for its people and to improve the status of women while, at the same time, attempting to revitalize agricultural and industrial production.

The health system is heavily concentrated on preventative services with a massive vaccination campaign among its initial successes. Following closely a basic human needs policy, a decentralized village based structure is being built, para-medical cadres are being trained, and a high priority is being given to providing potable water and public sanitation.

The initial priority in education is a massive literacy program and an emphasis on primary, secondary and technical education. (Between 1974 and 1977 the number of children attending primary schools increased from 700,000 to 1,300,000 and secondary enrollment tripled from 20,000

to 60,000.) In education, as well as health, trained manpower and supplies are constraints but foreign technicians are used as temporary supplements until Mozambicans can be trained.

In agriculture the effort has been to revitalize abandoned commercial farms and plantations through a system of state and cooperative farms. More recently there is an announced intention to increase the emphasis on the traditional farm sector through a communal village system as well as family farms.

Communal villages are being established, not only for the purpose of increasing the production of foodstuffs, but also as a means for more effectively providing the rural population with better health, education and other services.

As of March, 1978, the government reported that there were approximately 1,500 communal villages of different sizes in various phases of development, with an estimated population of some 1.5 million participating. According to reliable reports from other foreign aid donors, the decision to form such villages is voluntary and farmers are free to cultivate individually on family units if they so desire.

An immediate problem facing the vast rural population is the breakdown of the marketing and trade system. The many foreign private traders have departed taking with

them the means for collection, transportation and marketing of foodstuffs. The Government is attempting to remedy this situation through a cooperative and state distribution system with newly imported vehicles. However, the internal road system, as poor as it was, is deteriorating even further due to the lack of adequate maintenance. The Government is hard-pressed to assure maintenance due to a lack of technicians, equipment and spare parts.

For the immediate, constraints discussed above are among the most intractable. They, combined with the inherited problems, have resulted in a poor economic record with regard to standard output indicators/ Initial progress in the agriculture and industrial sectors has been slow. However, considerable progress has been made at the grass roots level in mobilizing the population, in realizing broad participation in decision-making, in improving health status, in providing education to a broad spectrum of the population and in improving the active integration of women in the development process.

Mozambique's long-range development prospects are quite favorable in that there is potential for improved agricultural output and fisheries development and an array of large rivers offering hydroelectric and irrigation possibilities. An efficient port and railway system could provide much needed foreign exchange earnings to finance its

development program and, at the same time, offer essential export and import channels to neighboring countries.

Much of Mozambique is still unexplored as far as minerals are concerned. There are known exploitable deposits of coal, iron ore, bauxite, titanium, gold, asbestos, copper, natural gas, and phosphates. However, even more important is the general location of the major mineral concentration. Unlike any other location in Africa, the industrial base minerals of iron ore, high-grade coking coal, and bauxite are located within close proximity to natural gas, extensive forests, inexpensive electricity (Cabora Bassa), a railhead (Moatize), a navigable river (The Zambezi) and the finest natural deepwater port in East Africa (Nacala). There are also possibilities of other minerals. In other words, there exists the long-term physical potential for a major industrial center in Mozambique judging from the pattern and location of the resource endowment.

Foreign assistance is important to Mozambique at this stage of its development. Assistance is accepted from many countries. Sweden is the largest single donor while the United Kingdom and other Scandanavian countries are important sources of assistance. Socialist countries are also significant donors. Mozambique has not joined the World Bank. Nonetheless, considerable support is provided by U.N. agencies such as the Food and Agriculture Organiza-

tion (FAO), the World Health Organization (WHO), and the U.N. High Commission for Refugees (UNHCR). (The latter is assisting with the large number of refugees from Rhodesia.) A.I.D. has provided food assistance as well as a \$10 million cash grant with counterpart used for priority agricultural activities. Training for Mozambicans has been available through an A.I.D. regional program.

Foreign aid consists of technicians, commodity imports and capital assistance with considerable emphasis on equipment and spare parts. In addition, various studies are being undertaken including a transport study financed by Sweden.

The acknowledged severe food shortage combined with the foreign exchange deficit suggests that agriculture and food production are the most immediate strategy priorities. The estimated current year import needs of 386,000 tons of food will only be partly met by the allocation of scarce foreign exchange for food imports and by externally financed concessional shipments. This suggests that interested donors, subject to specific requests by the government, should concentrate assistance in food shipments, balance of payments support, equipment and fertilizers for agriculture production, training and education and general assistance to resolve transport bottlenecks.

## II. OVERVIEW

### A. Geography

#### 1. Boundaries

Mozambique is about twice the size of California, with a total land area of 303,769 square miles. Its Indian Ocean coastline is 1,737 miles long and has many fine harbors which have served both Mozambique and its neighbors -- Malawi, Zambia, Zaire, Rhodesia/Zimbabwe, The Republic of South Africa, and Swaziland.

Mozambique is bounded in the north by Tanzania for roughly 480 miles along the Rovuma River. Its most extensive border, 975 miles, is with Malawi, which penetrates the center of Mozambique. There are 260 miles of frontier with Zambia in the northwest and 765 miles with Rhodesia/Zimbabwe in the west. The southwestern and the short southern boundaries are with South Africa, about 305 miles long, and with Swaziland, some 65 miles long.

#### 2. Land

One-half of Mozambique consists of plains that gradually increase in altitude moving westward away from the coast. The coastal plain is narrow in the north but widens to include almost the width of the entire country toward the south. The Zambezi River bisects the country from north to south.

In summary, 44% of Mozambique consists of littoral lowlands and marshes, mostly south of the Zambezi; 17% is low plateaus and hills (roughly between 600 and 2,000 feet high); 26% is high plateaus and hills (between 2,000 and 3,000 feet high); and 13% is mountains over 3,300 feet. The population is concentrated along the littoral and its immediate hinterland, around the mouth of the Zambezi and near its confluence with the Shire, and in the Angonia Highlands.

### 3. Drainage

All the rivers of Mozambique ultimately flow into the Indian Ocean. Five major river basins and several smaller ones drain the country. Several of these river basins have their major catchment areas as far away as eastern Angola.

The largest and most important basin is the Zambezi River. Historically, the Zambezi has been the principal means of transportation between inland central Africa and the coast. As a result, the basin has become the home of a wide variety of both African and non-African populations. The Cabora Bassa Dam, one of the largest in the world in power generating potential, has been recently constructed on the Zambezi. The dam is expected to provide a considerable return in inexpensive hydroelectric power and irrigation facilities. Other major river basins from north to south include the Rovuma, the Save and the Limpopo.

In the southern half of the country, there are substantial losses from flooding during the rainy season and poor

drainage during much of the year. Given adequate dams and canal systems, however, flooding can be controlled and the land can be irrigated around the major rivers. Such dams would also increase substantially the food production potential of the country.

#### 4. Climate

Climatic conditions are essentially tropical; the southern region is in a sub-tropical anti-cyclonic zone. The prevalence of malaria in the central and northern coastal plains and tsetse fly in most of the area north of the Save River precluded large-scale European settlement in the interior until the end of the 19th century.

The warm Mozambique current raises temperatures and humidity along the coast. Rainfall is particularly heavy along the central coast from Quelimane to Beira, the latter receiving 56 inches annually. North and south of this region, the annual rainfall decreases to as low as 24 inches. Inland, there is considerable climatic variation, largely because of differences in topography and the presence of such natural features as Lake Nyasa. A number of widely scattered areas over 3,000 feet in elevation have climatic conditions favorable for permanent habitation and animal husbandry. These areas have moderate temperatures and humidity, ample rainfall, and are free of the tsetse fly.

#### 5. Soils

The soils are variable in fertility. Those in the north are developed from underlying igneous rocks, and most are

very fertile. This soil, along with the moist climate, has made tea production economically important in some northern areas. Between the Tigonba and the Rovuma Rivers is a narrow strip of sandy red soil; the strip widens north of Pemba to include the Maconde Plateau. Cashew trees grow wild in this soil, and the region has the greatest cashew nut production in the province. The combination of good soils and favorable climate in the Angonia Highlands of Tete has made it a favorable region for agricultural exploitation and cattle raising. Around Lichinga, east of Lake Nyasa, the soil is very fertile, and in the southern part of Zambezia Province, which is a part of the Zambezi basin, heavy black fertile alluvial soil is found.

From the Zambezi River south to Beira is a large marshland that impedes communication and is unsuitable for cultivation. Between the Buzi and Save Rivers is a fertile region of heavy, black, clayey soils, which is not fully developed. In the south, most of the soils are composed of marine and continental alluviums. These soils in the river valleys were farmed by both Africans and Europeans. A 50 mile wide belt of reddish soils similar to soils in the north extends inland along the coast of Gaza and Inhambane Provinces as far as the Save River. Cashew and mafura trees, which grow wild in this soil, are important commercially. The numerous small lakes and slow-moving marshy rivers in southern Gaza and Inhambane provide the proper soil conditions for production of rice. Northern Gaza and Inhambane

Provinces have unproductive soils because of the low annual rainfall; however, the dryness reduces the incidence of tsetse fly and grasses grow well there making the region suitable for raising cattle.

B. Social Structure

Population statistics are of uncertain reliability, especially given the inaccessibility of some regions, the magnitude of migrations between neighboring countries, and the disruptions caused by the independence struggle. From various estimates, it is possible to place the country's population at between 10 and 11 million people. The annual population growth rate is estimated at between 2.5% and 3.0%. The United Nations, in 1975, estimated that children under the age of 15 constitute at least 45% of the population.

The population is composed of ten major ethnic groups related culturally and linguistically to other peoples of eastern and central Africa. Most of the ten groups extend across international boundaries, and along some borders there is considerable movement back and forth. Each tribe has its own mother tongue, usually unwritten, and communication between groups is difficult because of variations in spoken language. For this reason, Portuguese has been adopted by the government as the national language.

The major ethnic groups share a similar cultural base, characterized by subsistence farming (corn and manioc being the

staples), a kinship-oriented social system, and a traditional religion.

The population can be grouped into two major cultural regions, a northern region and a southern region, with the Zambezi River roughly forming a boundary. The principal ethnic groups in the northern region are the Marauí, Yao, Macua, Lomue, and Makonde. Agriculture is the major occupation in the region as the tsetse fly precludes livestock herding. Generally, the population is settled in scattered hamlets of round, conical or rectangular wattle and daub houses.

The more heavily populated south is inhabited by groups which are, to some degree, part of the large east African traditional cattle culture. The Shona, Thomga, Chapi and Nguni are the principal groups in this region. It is primarily from the Thomga and Chapi that men have been drawn to work in the mines of South Africa. These people are predominantly patrilineal, accustomed to a pattern of sedentary agriculture and herding.

Notions of ethnic identity and their attendant loyalties have not appeared to be a basis for serious inter-ethnic rivalry. It is the government's policy to promote a Mozambique national identity as opposed to tribal loyalties and provincialism. The government appears to be successful in promoting this policy.

While population density is estimated at 10.6 people per square kilometer, this figure is distorted as the population is heavily concentrated along the coast and in fertile valleys.

It is estimated that more than 90% of the population is rural. In the north, the most densely populated rural areas are at the mouth of the Zambezi at Quelimane and farther up-stream near its confluence with the Shire River and at Beira. In the south, the population is concentrated along the broad strip between Inhambane and Maputo.

Evidence suggests that there is a steady flow of people from rural to urban areas searching for jobs. These migrating people have populated the slums and suburbs of the large towns and cities.

The population of Maputo tripled between 1945 and 1970, when it reached approximately 350,000. Some sources claim that there are another 200,000 to 300,000 people living at subsistence levels within the metropolitan area. The departing Portuguese, who had constituted perhaps as much as one-fifth of Maputo's inhabitants, have been largely replaced by Africans who have moved into vacated dwellings. Other urban areas of importance include Beira (population 130,000 in 1970), Nampula (over 103,000 in 1960), Quelimane (66,000 in 1960), Inhambane, Tete, Lichinga and Pemba.

Other areas of increasing population density are Manica and Sofala. Population increases in these areas can be attributed to the return of thousands of Mozambican workers from Rhodesia after the passage of restrictive employment regulations there in the late 1960's.

These factors partly account for the significant growths that took place between 1960 and 1970 in the populations of Maputo Province (more than 80%) and the two provinces closest to Rhodesia: Manica Province (which grew by almost 40%) and Sofala Province (which grew by 28%).

Internal and external movements of the Mozambican population have, for the most part, been interrelated. The movement of large numbers of African men out of the southern provinces and into South Africa and Rhodesia up until the late 1960's, created a labor shortage that was often filled from the north, particularly from Zambezia and Nampula Provinces. A pattern of male labor migration gave the cities a predominately male and ethnically heterogeneous population.

There are indications that this traffic took place in both directions, as many men who found difficulty readjusting to rural life returned to the city again and again after having returned to their homes.

### III. SCOPE AND CAUSES OF POVERTY

#### A. History

Many of the major development problems facing Mozambique stem, to a large extent, from colonial rule that fostered economic and social dualism.

The Portuguese used the physical and human resources of Mozambique primarily to increase the wealth and prestige of Portugal. For example:

- The service sector was developed to generate revenue for Portugal. The railway system and ports of Maputo, Beira, and Nacala were built primarily to service landlocked neighboring countries; South Africa, Rhodesia, Zambia and Nyasaland (now Malawi). Basically, Mozambican labor was traded for foreign exchange.
  
- The development of Portuguese and other foreign owned agricultural plantations and farms and other natural resource-based industries supplied goods to the Portuguese market at artificially low prices. Moreover, a highly effective protective tariff and foreign exchange system was

adopted to ensure that Portuguese industries supplied the bulk of Mozambique's requirements both for capital and consumer goods.

Throughout the colonial period, little effort was made to allow the indigenous population to attain the education and skills necessary to compete with the Portuguese. Indeed, it was conscious policy to use the Africans as a large pool of poorly paid unskilled and semi-skilled labor.

In the pre-colonial period and the early years of Portuguese rule, the African population was scarred by the horrors of slavery and slave-trading. While slavery was abolished in the second half of the 19th century, its place was taken by a system of forced labor. All indigenas (Africans) were subject to the colonial authorities' labor laws. These laws allowed the State to impress Africans into involuntary work on behalf of settlers or the government. The Labor Regulation of 1899 states that "all natives of Portuguese overseas provinces are subject to the moral and legal obligation of attempting to obtain through work the means that they lack to subsist and to better their social condition. They have full liberty to choose the method of fulfilling this obligation, but if they do not fulfill it, public authority may force a fulfillment."

The indigenas had few rights; their obligations included payments of taxes, farming as mandated by the Portuguese authorities, and providing labor for public and private enterprise. Africans lived in a separate, inferior society where stores, hospitals and even jails had segregated sections. Some degree of forced labor continued into the 1960's.

The only Africans who were exempted from the labor laws were the so-called assimilados (assimilated). These were few in number (only about 5,000 in 1950) and achieved their status by proving their ability to speak and write Portuguese and to earn a relatively high income. The assimilado notion was based on the idea that "civilization" involved the rejection of all things African and the absorption of Portuguese culture and language. Eduardo Mondlane, FRELIMO's first president, judged that "The most that the assimilado system ever sets out to do is create a few 'honorary whites'."

Armed resistance to Portuguese rule began in 1964, two years after the formation of FRELIMO from three previously separate groups. The struggle was to last ten years and was finally successful when elements within the Portuguese military, disenchanted with increasingly heavy losses in fighting independence movements in Mozambique, Angola, and Guinea-Bissau, overthrew the Salazar/Caetano dictatorship in Portugal in 1974. Negotiations were

undertaken shortly thereafter with representatives of the independence movements. Mozambique obtained its independence on June 25, 1975.

By all standard measurements of economic and social development, Mozambique is a country of very poor people. Although pre-independence per capita income levels were estimated at between \$200 and \$300, these figures were inflated by the concentration of wealth in the hands of the Portuguese. The subsequent negative growth performance of the economy since 1975 has lowered annual per capita income to an estimated \$127. Although micro-data are not readily available to quantify the situation, the extensive poverty in Mozambique cannot be overstated. It is most chronic in the rural areas, where an estimated 90% of the population live, and in the shanty towns of the major urban concentrations, principally Maputo and Beira.

#### B. Agriculture - Rural Poverty

While Lourenco Marques (now Maputo) and Beira were made into modern cities and Portuguese and foreign owned export crop plantations were encouraged by the colonial regime, almost no resources were directed to either improving African agricultural production or raising African living standards.

With regard to land tenure, surveys made in the late 1960's indicated that less than one percent of all farming units occupied almost half of total farmland. About one-half of this

commercial farming area was controlled by some 560 corporate enterprises and most of the remainder was divided among the 4,000 individually owned farms. The other half of the land under cultivation was occupied by the remaining 99% of all farms, constituting the African subsistence sector.

In the subsistence sector, traditional methods of cultivation are used and yields are typically low. The major agricultural implements employed are simple, usually metal-bladed hoes and digging sticks, scythes and axes. A temporary shortage of such handtools in 1976 contributed to decreased crop production. In areas unaffected by the tsetse fly, largely south of the Save River, animal drawn plows have been introduced, and their use is gradually increasing. Cultivation practices of traditional farmers are quite similar throughout Mozambique; major differences occur in the combination of crops grown and in the seasons of planting and harvesting. These differences will vary depending on climatic and topographic conditions. Cultivation and harvesting are traditionally the responsibility of women, but men are taking on such activities, particularly with respect to cash crops. Men help with cultivation when plows are used and in the few places where mechanized equipment has been introduced.

The main food staples in the rural diet are manioc and maize. In addition, millet, sorghums, beans and sweet potatoes are widely cultivated and constitute supplements to the major food crops. The diet consists almost exclusively of carbohydrates

and lacks protein sources. However, fish is consumed as a diet supplement by peoples along the coast and inland lakes and rivers. Meat is unavailable in the north of Mozambique because of the tsetse fly. It has been estimated that the average annual diet contains only 3.4 kilograms of fish and about 2 kilograms of meat per year. There is not enough protein and fat in the diet and an insufficient diversity of amino acids, Vitamin A and calcium. Diet related deficiencies result in diseases such as rickets, beri-beri, scurvy and pellagra. Small farmers have supplemented their incomes by 1) working in the mines of South Africa; and 2) producing cash crops such as cotton and gathering cashews.

Low productivity on African farms along with the maintenance of low wages helped ensure that Africans were available as cheap labor for foreign mines and large-scale local commercial enterprises. Thus, they did not develop into a secure and agriculturally efficient peasantry.

Such technical and financial aid as the colonial regime furnished were directed to Portuguese who could be persuaded to immigrate and settle. Little was done to teach Africans effective agricultural techniques or provide credit.

The expropriation of substantial amounts of African land (for European settlers) was effected in the fertile provinces of Gaza, Manica, Sofala, Lourenco Marques, and Zambesia. By 1967, European planters controlled more than 50% of the land under cultivation in each of these regions. The gross inequities were particularly glaring in Manica where 451 European estate-holders each owned an average of 676 hectares, while 135,000 Africans cultivated only one-third of that amount.

Many Africans who had lost their land were forced into the pool of cheap labor, compelled to work on commercial farms and European plantations. As late as 1973, agricultural workers in the southern part of the country received as little as 35 cents a day. The most recent comparative data published by the colonial government indicated that Africans received barely 10% of the salary paid European agricultural workers.

### C. Health

The health delivery system during the colonial period was organized to serve the privileged, primarily urban, white population. As one doctor recalled, health care "was characterized by the total absence of medical facilities in the rural areas. But in the three main towns - Lourenco Marques (now Maputo), Beira and Nampula - there are sophisticated hospitals with sophisticated equipment. The inequality between town and country is a consequence of the political situation in the colonial days.

Medical care was intended only to be given to a privileged group. The fact that more than 90% of the doctors practiced in urban centers supports these contentions.

During three hundred years of colonial rule, the Portuguese did not train a single black Mozambican doctor. Even within the cities, very few blacks and mulattoes could afford to consult doctors, all of whom were European. A survey completed in 1957 indicated that the overwhelming majority of the Africans residing in Lourenco Marques had never been to a hospital. Those who had were placed in over-crowded segregated wards.

Health conditions in the rural areas were even worse. The handful of doctors could not possibly serve the 90% of the population who lived outside of the major cities. The paucity of state funds for rural health service further handicapped efforts. As a result, life expectancy at birth is estimated at only 44 years and there is a very high incidence of disease. These are related to widespread malnutrition, climatic conditions favoring animal and insect vectors of human diseases in certain regions, and a widespread deficiency of basic sanitation and potable water. Major diseases include yaws, cholera, typhoid and paratyphoid fever, sleeping sickness, schistosomiasis, leprosy and hookworm. Among the most serious causes of infant mortality are intestinal parasites and tetanus.

Many illnesses, such as tuberculosis, malaria, and smallpox, could have been treated at relatively low cost by distributing

prophylaxis, and organizing rudimentary programs in health education. Although precise statistics are unavailable, one doctor who worked in Nampula province estimated that the infant mortality rate in outlying regions often approached 130 per 1,000.

Compounding the health problems are inadequately ventilated rural dwellings which provide excellent breeding grounds for disease. Waste is either buried or carried away and pollution is a major concern in rivers and streams, which are also used as sources of water for drinking and washing, and thus, pose a major health hazard. In a recent interview, Dr. Ramos, Head of Public Health, stated that he views the provision of water in urban and rural areas "as one of the highest priorities for health and production."

Malnutrition among children is also a major problem. A survey published by the World Health Organization compiled data on protein - energy - malnutrition in children in one low-income area of Maputo. The survey showed that 48% of all children had some form of malnutrition; 83% had biochemical signs of Vitamin A deficiency; 86% had biochemical signs of Vitamin C deficiency; and 60% to 78% had some form of anemia.

Concerning mental health, it is probable, as in other southern African countries, that experiences in the South African mines, the impact of family dislocation, the protracted war

for independence and the influence of urbanization and alteration in traditional social and cultural institutions combined with the generally difficult living conditions, have contributed to a high incidence of mental health problems.

Special problems - Special health problems result from 1) refugee needs; 2) disease and infestation resulting from recent widespread flooding in the south; and 3) miners returning from South Africa.

In 1977, the UN reported the 50,000 to 70,000 Rhodesian refugees in Mozambique were not receiving sufficient food and clothing, temporary shelter and health care items.

After the flooding in 1977 and March 1978, there were health hazards for the thousands homeless, resulting in environmental health problems associated with resettlement, the substantial loss of food, nutrition decline, and disease hazards created as the waters subsided.

A third special problem is that of Mozambican workers in South African mines. Few studies appear to exist on the consequences of out-migration to family structure, traditional roles and customs, and the related issues of maternal/child health. Information from other countries would suggest that the out-migration and following return of large numbers of (mainly young) males could be associated with certain diseases, such as respiratory infections, venereal diseases, nutritional problems, and mental stresses.

Substantial changes in traditional social structure and practices, particularly as this affects division of labor between the sexes are almost certain to have occurred. This issue is important at the present considering the number of miners recently returning to Mozambique (from 120,000 miners recruited in 1975 current recruitment is not in excess of 40,000).

When the transitional government took over from the Portuguese in September 1974, health facilities were inadequate and medical personnel scarce. In April 1975, there were fewer than 100 doctors in the country, compared to more than 500 in 1973, to serve a population of nearly 10 million. In Zambezia province alone, there were only three doctors for 1.8 million people. By May 1976, the number of doctors for the entire population had dwindled to 20 and the shortage of auxiliary personnel was also severe. There were between 7,000 and 8,000 hospital beds in the country and many could not be used because of the lack of staff.

A visitor to Mozambique's hospitals in 1976 reported shortages of drugs, personnel, basic equipment and spare parts. Hospital wards in rural areas were often open mud huts with wooden beds made out of branches. Accessibility of rural health services has been made even more difficult due to the damage done to transportation services in the country.

#### D. Education

The colonial policy was to offer Africans only the most limited educational opportunities, which resulted in the more

certain control of the economy by the Portuguese. Not only was the domination applicable to commercial agriculture, business and the professions, but also to technical jobs, the semi-skilled labor force and petty trade. Total Portuguese domination was broken by the limited number of assimilados and some of the mullatoes. Evidence of this policy is clearly indicated by the fact that more than 90% of the African population were illiterate at independence.

Until the 1960's, Lisbon systematically denied educational opportunities to Africans. The relatively few African children who went to school attended special programs in "indigenous" education run by missionaries at no expense to the state. These church schools emphasized religious training and obedience to the Portuguese government. There was also a lack of qualified teachers and suitable books and as a result, few children got beyond pre-primary "adaptation" classes in which they learned the most rudimentary Portuguese.

In the face of growing international criticism and increased pressure from FRELIMO, the colonial government abolished the indigenous educational system in 1964 and marginally increased public school opportunities for Africans. Nevertheless, by 1972, less than 30% of the school-age population attended classes, most of which were still held in mission stations. The deterrents to education were powerful; a limited number of rural schools, excessive entrance fees equivalent to several weeks' salary per child

and an alarmingly high failure rate of almost 70%. In addition, many parents had little choice but to keep their children at home where they provided an essential source of labor for subsistence farming for which every unit of labor was critical. This was especially true for young girls who rarely attended school.

Secondary, professional and technical training was even more heavily dominated by the Portuguese. Of the 10,388 students attending these schools in the 1963-64 school year, only 18% were African and 17% were of mixed descent. Entrance to the middle schools was dependent upon completion of the second cycle of either academic or vocational secondary schools.

The first institution of higher learning in Mozambique was the University of General Studies, established in 1962. In 1966, it had an enrollment of 540 students of which only one was African. The University did not offer a full four year program of higher education; rather it offered the first three years with the fourth year to be completed in Portugal. In 1967, the University of Lourenco Marques was established. Its enrollment in 1975 was 2,000 students. In 1973, there were only 50 African students attending the University, 30 of whom were from Swaziland.

One of the most striking problems in today's educational system of Mozambique is the inadequacy of teachers, both in numbers and qualifications, available for schools at all levels. The major reason for weak teacher training programs is that the African population has been unable to attain the educational levels necessary for entrance into the field. Thus, Mozambique

has not been able to establish a strong teacher training program or institutions. This has led to a chronically weak educational system overall, particularly since the departure of European teachers at the time of independence.

E. Transportation

The poor internal transportation system is one of the basic constraints to Mozambique's economic development. The Portuguese colonial regime paid little attention to this aspect of the economy. The country lacks a completed north-south primary road link and a basic secondary and feeder road system which is necessary to connect Mozambique's vast rural population to rural market centers and urban concentrations.

By 1973, only some 2,000 miles of road were paved and another 3,000 miles were gravelled. Much of the paved road system was devoted to east-west as distinct from north-south or interior transport. The present road system is clearly inadequate for agricultural development. Many of the so-called trunk roads are impassible in the rainy season; transportation of agricultural products from food surplus to food deficit areas is difficult at the best of times and impossible during the rains.

In addition, the departure of some 25,000 vehicles with the Portuguese emigrants and their destruction of thousands more before their exodus has added further to the isolation of rural villages from urban markets. There are reports of perishables (fruits and vegetables), grains and other commodities rotting for lack of transportation and adequate storage.

The deterioration of the limited transport system had begun during the final years of Portuguese rule, as funds were used increasingly for military purposes, and maintenance of non-strategic facilities was cut back. The departure of trained personnel after independence has resulted in a further deterioration of the system with problems centered on weaknesses in organization, management and technical skills and the lack of sufficient equipment and spare parts. (To assist in identifying priority programs within the transport sector, the Mozambican and Swedish Governments are cooperating in a study being carried out by VIAK, a Swedish firm.)

The above-cited factors and the closing of the border with Rhodesia, which shifted traffic away from established routes, all contributed to a sharp decline in traffic, increased unemployment and a reduction of foreign exchange earnings.

The basic structure of the modern transportation sector is made up of three port-railroad systems that focus on Maputo, Beira and Nacala, spaced fairly evenly along Mozambique's extensive coast. Rail routes linking these systems are located in neighboring countries, with the most important linkages in Rhodesia. For example, the railroad from Beira into Rhodesia provides access to Zambia and Zaire. Even the internal link between Maputo and Beira is in Rhodesia.

The future of Beira is perhaps limited even when stability returns to the region and traffic through an independence Zimbabwe reopens. The port is handicapped by the inability of its shallow

harbor, which requires periodic dredging, to accommodate craft over 20,000 dead-weight tons. However, addition of some port handling equipment, better work organization and training could assist in making the port more efficient. The northern port of Nacala, though much less developed than Maputo or Beira, is widely considered to be the finest natural harbor on the east coast of Africa and has undergone expansion since the mid-1960's. The usefulness of this port was enhanced in 1970 with the completion of a railroad spur into Malawi.

The deepwater port of Maputo, which has modern facilities for handling cargo, is the focus of railroads to South Africa, the major customer, and to Rhodesia and Swaziland; some Botswana traffic was also routed to the port through Rhodesia. Beginning in 1976, Maputo suffered from the severing of economic ties with Rhodesia and became increasingly dependent on its transportation relationship with South Africa. It is possible that a part of South Africa's expanded mineral production coming from the Transvaal will be shipped from Maputo. This would require improvement of the rail line from South Africa, and an agreement to this effect has apparently been reached with the South Africans. In addition, Mozambique is purchasing 25 diesel-electric locomotives, assembled in Brazil partly from U.S. made components financed by an Export-Import Bank loan.

Once there is an internationally recognized Zimbabwe, the railroad and port system of Mozambique will be important to the efficient functioning of a regional transportation system. Considerable work will be required to allow the system to handle the

increased traffic loads not only from Zimbabwe, but also from Zambia, Botswana and Zaire. Thus, the transport analysis being carried out by VIAK and the subsequent training programs and rehabilitation of deteriorating facilities are of a high priority for the entire region.

F. Industrialization and Employment

Industrial growth did not really begin until the early 1960's. Manufacturing was still in the early stages of development at the time of independence, and was characterized by a predominance of industries processing agricultural raw materials, small plant size, and low output. The first industries established were those processing such agricultural commodities as sugar, tobacco, beer, soap and cashews. The manufacturing of textiles, clothing, cement and petroleum refining followed.

The most important developments in food processing under the colonial regime were the rapid expansion of sugar manufacture and of cashew processing. Sugar refining had become the leading industrial activity by the mid-1970's as a result of expansion by the three largest sugar estates during the late 1960's and the establishment of two new sugar companies. Cashew nut processing had become the second leading industrial activity in value of production. The higher prices for exports of shelled nuts stimulated efforts to discover effective mechanical decortication (peeling the outer shell from the nut) techniques. In addition to decortication, the industry manufactured various cashew by-products, such as juices, jams and cashew oil.

Although the sugar industry is currently beset by low world prices, both the sugar and cashew industries offer consider-

able potential for employment, not only in the industrial sector, but more importantly, in the production of raw materials by the rural populace.

Industry, by all accounts, falls far below its potential considering the size and resource base of the country. For the five years prior to independence, industrial output represented approximately 15% of GDP. However, in 1974, industrial output began to decline and by 1975 it represented only 10% of GDP with approximately 100,000 persons employed (about 3% of the population).

By 1977, the industrial sector was in a chaotic state. Since independence, only a few food-processing establishments and petroleum refining had increased production. Many factors were responsible: some factories had been damaged during the final fighting and were not repaired; the flight of most whites meant a much smaller domestic market for certain consumer goods; and many departing industrialists took as much of their liquid assets as they could with them. In some cases, machinery was sabotaged. The government's first step in coping with the situation, in line with its socialist philosophy, was to nationalize industrial establishments that had been abandoned by their former owners. However, the lack of managerial and technical skills, the shortage of certain raw materials and the lack of credit compounded the already difficult situation.

The construction industry had been of particular significance in pre-independence Lourenco Marques, Beira and a few other urban centers where the stimulus for civil construction was

especially strong. In those cities, immigration of Portuguese and commercial and industrial developments had created a continued demand for residential and commercial construction. The construction industry was severely set back, however, by the government's nationalization of all rental property and unoccupied property effective February 1976. The government became the landlord of rental properties and also had the first option to purchase other real estate offered for sale. The implication to the private sector was that no further projects for building rental property should be developed. In mid-1976, the government permitted funds to be allocated to complete construction of unfinished projects that had been nationalized.

IV. MACRO-ECONOMIC SITUATION AND TRENDS

A. Balance of Payments

The current balance of payments crisis has seriously constrained the government's ability to carry out its equity-oriented program of social and economic development. The crisis is caused by:

- reduced merchandise exports;
- increased requirements for food and other imports;
- lost income from the service sector (migrant labor remittances from South Africa, transit trade and tourism);
- increased capital outflows consequent upon the transfer facilities granted to expatriates leaving Mozambique;
- the dislocations caused by the departure of the trained Portuguese;
- the escalating war in Rhodesia;
- revised policies of South Africa; and
- natural disaster such as the flooding of the Zambezi River.

Unless the balance of payments situation improves through increased earnings or foreign assistance, Mozambique will be forced to curtail sharply essential imports and plans to improve the living condition of the population.

Tables I and II below from the Report of the Secretary-General of the U.N. summarize the balance of payments from 1973 through 1977 and the planned merchandise imports and exports for 1978. The estimates do not include proceeds from the sale of gold received from miners working in South Africa. To some extent balance of payments deficits, until the end of 1977, were covered by foreign exchange receipts from this source. However, these arrangements have now been modified and there is now a substantially reduced foreign exchange transfer.

Table II indicates that the merchandise or trade deficit for 1978 is expected to run to some \$430 million. Net receipts on invisibles and capital account transactions, including grants and long-term loans, are expected to meet about half the trade deficit leaving an unfinanced overall deficit of about \$225 million. It should be emphasized, again, that there will no longer be receipts from gold sales to meet this deficit nor does the government have any surplus foreign exchange reserves upon which it can draw.\* In the absence of international assistance, the government will have to reduce imports.

Mozambique's principal export commodities have traditionally included agricultural and marine products such as cashew nuts, cotton, sugar, tea, sisal, copra, prawns and lobsters. Commercial farms produced most of the tea and sisal and a large part of the sugar, copra and cotton.

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\*It should be noted that Mozambique has not joined the I.M.F.

Table I  
Balance of Payments Estimates  
(In millions of U.S. dollars)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
<u>Merchandise trade</u>					
Imports	261	323	295	396	495
Exports	175	200	169	147	150
Balance	-86	-123	-126	-249	-345
<u>Invisible items</u>					
Payments	71	80	92	96	90
Receipts	163	200	255	243	200
Balance	+92	+120	+163	+147	+110
<u>Capital account</u>					
Payments	43	68	65	52	55
Receipts	31	49	3	-	5
Balance	-12	-19	-62	-52	+50
<u>Overall balance</u>	-6	-22	-25	-154	-185

a/ Review mission.

Source: Government of Mozambique

Table II

Major Exports and Imports - 1978

(In millions of U.S. dollars)

Exports

Cashew nuts	50
Prawns and lobsters	25
Raw cotton	20
Tea	20
Cement	10
Other (copra, sugar, fuel oil, diesel)	80
<u>Total</u>	<u>205</u>

Imports

Food products	90
Crude oil and products	105
Textiles	45
Equipment	155
Spare parts	85
Industrial raw materials	155
<u>Total</u>	<u>635</u>

Source: Government of Mozambique.

Cashew nuts, the most important export, grow wild and, during the colonial period were collected by the rural poor. The nuts were sold to local storekeepers (cantinistas) and dealers who assembled them for shelling and export. The elimination of the private trading system since independence has created a vacuum and is a major factor in the decline of cashew exports.

The departure of the Portuguese, who owned and operated the plantations and commercial farms and who were also the local traders, has led to a loss of food for internal markets and for export from \$200 million in 1973 to an estimated \$150 million in 1977.

While merchandise exports have been declining, merchandise imports have been rising dramatically from a level of \$261 million in 1973 to an estimated \$495 million in 1977. Major factors in this increase are 1) rising food needs caused by lowered agricultural production, due not only to the departure of trained manpower but also as a result of the severe drought in the north and flooding in the south, and 2) increased imports of raw materials, equipment and spare parts. It should be noted that much of the increased import bill has been caused by increased costs of petroleum products and to replace equipment that the departing Portuguese drove, shipped out, or destroyed in acts of sabotage.

To meet the shortfall in the merchandise account, traditional reliance on the service sector is no longer possible, as revenues from the transit trade and remittances from miners working in South Africa and Rhodesia have been severely reduced.

Adding to the shortfall is Mozambique's compliance with U.N. sanctions on trade with Rhodesia. The United Nations Mission to Mozambique, in April 1976, reported that direct losses of foreign exchange earnings as a result of applying sanctions on traffic and tourists was between \$68 and \$91 million annually. Other costs, including the loss of remittances by migrant workers, the effect of sanctions on the trade deficit and the costs of additional projects to provide substitutes for facilities previously available from Rhodesia, were calculated by the U.N. Mission to bring the direct costs in the first year of applying sanctions to between \$139 million and \$165 million. The U.N. Mission estimated that the losses after the first year are expected to be between \$110 and \$135 million annually.

Further complicating the situation has been the reduction of foreign exchange remittances from the wages of miners working in South Africa. Under pre-independence arrangements (the Mozambique Convention), 60% of the wages earned by migrant workers were withheld and an equivalent amount in gold, at the official price of U.S. \$36 per ounce, was credited to Portugal's account in South Africa's central bank. These credits were in turn credited to Mozambique's foreign reserves account at the official price. The subsequent sale of the gold by Portugal at much higher world gold prices in the 1970's yielded substantial earnings for the Portuguese government. Upon independence these windfall profits were credited to Mozambique, the total amount varying with the world gold price

and with the number of migrant workers employed under the Mozambique Convention.

South Africa's decision in April 1978 to terminate gold payments at the official price and to sharply reduce the number of Mozambican mine workers (which resulted in a drop from more than 100,000 migrants to approximately 41,000) has had a very adverse impact on Mozambique's balance of payments. As a result of these measures , the U.N. estimates that Mozambique will lose \$110 million annually in foreign exchange earnings.

Mozambique earns approximately \$36.0 million per year from the sale of electricity to South Africa from the Cabora Bassa hydro-electric project. However, all of this is used to pay off various outstanding loans. Thus, there is not net earning of foreign exchange from this facility.

#### B. Government Budget

The government budget and the balance of payments situation are interrelated in that deficits in the budgetary accounts tend to increase imports either through direct purchases or through the spill-over effects of increased purchasing power in the economy (the extent depending on the unfinanced portion of the budget deficit and the marginal propensity to import). In the Mozambique situation, there is no room for increasing imports; to the contrary, planned imports will have to be reduced as there are virtually no foreign exchange reserves. Thus, a budget deficit will only increase the rate of inflation or necessitate other

measures (such as rationing) to dampen public purchasing power. Therefore, the government is making a concerted effort to hold deficit financing to a minimum.

Table III shows that at the end of 1976 there was an accumulated deficit on the regular government budget of \$57.5 million. The preliminary actual deficit for 1977 is estimated at \$28 million giving an accumulated deficit of \$85.5 million at the end of 1977. The total public sector deficit is much larger than this when one takes into account the losses of the railway system, the ports, the airline and the telecommunications organizations, all of which are self-financing and borrow from the banking system to cover their deficits. When these deficits are taken into account, the total accumulated deficit of the state budget and the major parastatal organizations is estimated to have exceeded \$185 million at the end of 1977.

The estimated deficit for the regular government budget for 1978 is \$85.8 million. The deficit of the major state-owned organizations is expected to reach some \$35 million during 1978 giving a combined state and parastatal accumulated deficit of over \$305 million by the end of 1978. Accumulated deficits have been financed largely by the Bank of Mozambique with consequent pressures on price levels and the balance of payments.

Table III

Mozambique - Regular Government Budget

(In millions of United States dollars)

	<u>1976</u>	<u>1977</u>	<u>1978</u>
	(Actual)	(Preliminary actual)	<u>Estimates</u>
Direct taxes	53.1	70.0	110.0
Indirect taxes	117.4	153.0	190.0
Other taxes and fees	28.3	29.0	30.0
Total revenue	<u>198.8</u>	<u>252.0</u>	<u>330.0</u>
Total expenditures	235.3	280.0	415.8
Regular deficit	- 36.5	- 28.0	- 85.8
Accumulated deficit	- 57.5	- 85.5	- 171.3

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Source: Government of Mozambique. The national currency is the Escudo. Conversions have been done at the following rates: up to the end of 1977, 1,000 Escudos = \$35.00; thereafter, 1,000 Escudos = \$33.00.

The Government is aware of a need for a fundamental reorganization of the system of public finance in Mozambique. Many state-owned organizations were partially or wholly self-financing, collecting their own charges and taxes and financing shortfalls by bank borrowing. The Government has introduced a wide ranging financial reform whereby operations of non-commercial organizations are being brought under the regular budget and appropriations system. Steps have also been taken to bring the deficits or profits of a number of the state-owned manufacturing and trading enterprises into the estimates for the first time. For this reason, the figures in Table III are not strictly comparable with those of previous years as some of the increases in revenues and expenditures are the result of these reclassifications.

The Government has also introduced major reforms of the tax system. These reforms include much higher and more progressive taxes. The major revenue items for 1978 are estimated to be: (a) a national reconstruction tax on the income of labor -- a progressive income tax on wages, salaries and other benefits; (b) higher consumption taxes on luxuries and non-essentials such as tobacco and beer; and (c) a turnover tax levied on the sales of all enterprises.

At the same time, major reforms have been made in the system of allocating and controlling expenditures with the introduction of monthly and quarterly impress accounts from

most branches of government including some structures that were previously self-financing. In view of the major changes in the revenue and expenditures system, there is a larger measure of uncertainty than normal about the estimates for revenues and expenditures for 1978. The Minister of Finance has indicated that with tighter expenditure controls, it may be possible to reduce the deficit from the estimated \$85.8 million to \$60 million.

The functional breakdown of expenditures for 1978 is as follows: \$120.45 million has been allocated for defense and security; \$85.06 million has been allocated to the economic sectors; \$109.56 million has been allocated to the social sectors, largely education and health; \$24.5 million has been provided for the remaining branches of Government; and \$51.48 million has been provided for public debt, social security, local budgets, provincial authorities and other general expenses. In addition, \$24.75 million has been appropriated for a special fund to ensure price stability and to finance the deficits of certain state enterprises.

In commenting on the size of the projected deficit, the Minister of Finance gave the low level of production in recent years, the losses of many major enterprises, high production costs, the effects of sanctions and the inefficient revenue system as major reasons for the deficit.

It should be stressed that the information provided in Table III relates only to the Government's regular budget and does not include the Government's investment program.

C. Government Investment Program

In reviewing the situation in Mozambique following the application of sanctions it was noted in the Secretary-General's report to the thirty-first session of the General Assembly that:

"In spite of the encouraging initial response of the international community to the needs of Mozambique, the economic situation is critical. The recent budget projects a large Government deficit in spite of new, much heavier, taxes on consumption...The parastatal organizations, which are largely self-financing, will also be in deficit and unable to generate any surpluses for investment.

"The present situation is such that Mozambique cannot hope to carry out any kind of normal development program."

The Government's emergency financial and investment program for 1976 and 1977 was originally set at \$260 million, substantially below the amount which the Government considered necessary to carry out normal development. However, the Government was unable to implement that restricted investment program.

It should be noted that starting with the abrupt and destructive manner of Portuguese departure, Mozambique has not expanded capital for investment. In fact, there has been further capital deterioration because of maintenance problems. In introducing the budget for 1978, the Minister of Finance reported that

actual expenditures under the investment program totalled some \$245 million, and that, after taking into account foreign loans and grants, it was to be financed to a large extent by the Central Bank.

The national investment program for 1978/1979 has been established at \$460 million, of which \$320 million is to be provided by the government's special investment budget. The balance -- \$140 million -- is to be undertaken by major enterprises and by the self-financing state-owned organizations from retained earnings, reserves and bank borrowings. Sectoral allocations of investment for the two-year period 1978/1979 are shown in Table IV.

Table IV shows that top government development priorities are the transport sector (\$192.5 million), the provision of water (\$68.5 million), and the agriculture sector (\$38.9 million). The exceptionally high level of investment in transportation can be accounted for by the following:

- maintaining and upgrading regional linkages to ensure trade revenues and the flow of essential commodities to bordering countries;
- rehabilitation of farm-to-market and feeder roads to ensure access to agricultural commodities;
- reconstruction of roads and bridges destroyed during the Zambezi flooding (see below).

Table IV

National Investment Programme 1978/79  
(millions of U.S. dollars)

	<u>Total Investment</u>	<u>Government Share</u>
<u>Public Works</u>		
Department of Public Installations	31.1	
Water Department	68.5	
Housing Department	14.4	
Building Industry		
Highways Department	<u>104.7</u>	
Sub-Total	242.5	<u>207.9</u>
<u>Industry and Energy</u>		
Energy Department	14.9	
Geology and Mines	17.4	
Fisheries	8.3	
Industrial Services	<u>5.4</u>	
Sub-Total	46.0	<u>39.6</u>
<u>Transport and Communications</u>		
Civil Aviation	9.1	
Marine	9.4	
Road	17.5	
Ports and Railways	70.3	
Telecommunications	<u>4.3</u>	
Sub-Total	110.6	<u>19.8</u>
<u>Agriculture</u>	38.9	33.0
<u>Other</u>	24.0	20.0
TOTAL INVESTMENT	<u>460.0</u>	<u>320.0</u>

The Government of Mozambique has now signed 18 mutual cooperation and development assistance agreements and, within those agreements, financing has been arranged for some of the projects included in the investment program. There is still, however, a critical need for additional assistance over and above that now available.

D. Special Factors - Food, Natural Disasters and Refugees

Special factors affecting Mozambique's ability to carry out a normal development program are the food situation, natural disasters, and the large number of refugees.

Food - Despite a major national food production campaign for the 1977-1978 season, Mozambique continues to require significant quantities of food imports. Table V shows the major food requirements for the balance of 1978 and preliminary estimates for 1979. (These estimated food requirements do not include food for refugees and emergency food supplies for the more than 200,000 people displaced by the Zambezi floods). Although substantial amounts of wheat, fish and powdered milk will be provided under various assistance programs and bilateral agreements, Mozambique has so far in 1978 had to use scarce foreign exchange to purchase some 110,000 tons of basic food products. As shown in Table V, it will be necessary to import an additional 192,000 tons during the remainder of this year. The major imports are expected to be wheat, maize, rice, fresh fish and groundnuts.

The preliminary estimate of food requirements for 1979 totals 386,500 tons. As has been true for the past two years, the major food imports will consist of wheat, maize, rice, fresh fish and groundnuts. The government had hoped that as a result of its campaign to cultivate an additional 75,000 hectares in the state farm sector, and increased production in the subsistence sector, import needs for 1978 and 1979 would be reduced.

Natural Disasters - In early 1977, following cyclone Emily, flooding occurred in the valleys of the Limpopo, Incomati, and Umbeluzi Rivers. It is estimated that more than 400,000 people were affected. The government estimated that damage caused by the flood exceeded \$35 million and that significant quantities of rice, groundnuts, maize and vegetables were destroyed. As a result, food imports for the balance of 1978 will be substantially higher than the government's original forecast. In this connection, the figures for required imports for 1978 in Table V are likely to be understated, particularly for maize and rice, as they were based on national production estimates in early 1978 before the Zambezi floods.

Table V

Major Food Requirements for 1978 and Preliminary Estimates for 1979 a/

	<u>Required imports for 1978</u>	<u>Estimated food assistance pledged</u>	<u>Commercial imports up to May 1978</u>	<u>Balance to be imported during remainder of 1978</u>	<u>Preliminary estimates of requirements for 1979</u>
Wheat	132,500	80,000 <u>b/</u>	10,000	42,500	138,000
Maize	101,000	-	45,000	56,000	110,000
Rice	69,500	-	30,500	39,000	60,000
Potatoes	8,000	-	4,000	4,000	2,000
Onions	1,800	-	1,800	-	2,000
Beef	4,700	-	2,450	2,250	5,000
Fresh fish	30,000	4,200 <u>c/</u>	5,050	20,750	30,000
Dried fish	4,720	-	-	4,720	5,000
Powdered and dried milk	4,600	1,200	750	2,650	4,500
Groundnuts	30,000	-	10,000	20,000	30,000

a/ These estimates do not include food required for refugees and emergency food requirements of the over 200,000 people displaced by the Zambezi floods.

b/ The pledges of wheat are: (in metric tons) EEC - 25,000; USA - 20,000; Canada - 11,000; UK - 10,000; Sweden - 10,000; and, France - 4,000.

c/ To be supplied under an agreement with the USSR.

Required imports of beef may also be higher than projected in Table V. In addition to the effects of the Zambezi floods, there was an outbreak of foot and mouth disease south of the Save River which will not only affect national production in 1978, but will probably also result in lower national production of beef in 1979.

During 1978, Mozambique again suffered from major flooding. In the south there were floods in the Limpopo and Incomati valleys which had also suffered in 1976 and 1977. Damage was largely confined to crops and roads as many of the people had been resettled in safer areas following the major floods in 1977. The government was able to evacuate the endangered settlements and there was no loss of life. There were, however, significant losses of equipment and livestock. In the north, there was a prolonged period of drought in early 1978 which was broken by torrential rains in northern Botswana, eastern and southern Zambia, southern Rhodesia and Mozambique. The rainfall, responsible for the Zambezi flooding, was so heavy and the run-off so rapid that large amounts of water had to be discharged from Kariba and Kafue dams in Zambia and from the Cabora Bassa dam in Mozambique. The result was the largest flood in Mozambique this century.

Virtually the whole of the Zambezi valley was affected and major losses and damage occurred in the provinces of Tete, Manica, Sofala and Zambezia. The Government

reported 45 people killed, nearly 100,000 people displaced and 61,500 hectares of crops lost. Physical destruction was heavy-- 72,000 dwellings, 155 schools and a number of shops and stores, roads and bridges were washed out. The government estimated the losses and damage at \$63 million.

The Zambezi floods have seriously delayed some of the priority programs being carried out by the government of Mozambique. National food production has been sharply reduced, particularly in maize, rice and beef, resulting in a greater need for food imports. Road and building repair and construction capacity has had to be diverted from other projects which will slow down implementation of the Government's investment program. The floods, which affected southern and eastern Zambia, have interfered with the attempts being made by the Governments of Mozambique and of Zambia to increase road haulage to Zambia from the railhead at Moatize. Finally, refugee settlements were adversely affected.

Refugees - Mozambique continues to provide a haven for a growing number of refugees from Rhodesia. During 1977, the number of refugees entering Mozambique averaged over 1,000 per month. In 1978, since the so called

"internal settlement", the numbers entering Mozambique each month have increased and it is now predicted that there will be nearly 90,000 refugees by 1979. At the end of May 1978, about 70,000 Zimbabwean refugees were reported in Mozambique of which 51,000 were in four refugee settlements (Doroi, Tronga, Mavudzi and Memo). About 20,000 people were in five transit camps (two in Tete Province, two in Manica Province, and one in Gaza Province) awaiting transport to the refugee settlements. Of those in the refugee settlements, nearly 30% were of school-age children and over 10% were infants. If the war in Rhodesia continues to escalate the refugee situation can be expected to become even worse, and the needs for the subsistence of the refugees will rise.

V . Mozambique's Development Plans

The development philosophy of Mozambique since independence is to restructure society, to meet the needs of all its citizens in education, disease prevention, adequate nutrition, decent living conditions and productive employment.

In view of the obstacles discussed above, initial efforts have focused on crash programs to organize and mobilize the people at all levels for self-help efforts to alleviate the principal causes of poverty.

A key political means in the process of creating linkages between the people and the Government has been the grupo dinamizador (literally dynamizing group or GD). GDs were first set up during the transitional government period (June 1974-June 1975). GDs have multiple functions: discussions with the population to determine development priorities; involving people in decision-making and the selection of local leaders. In addition, the GDs assist in the reorganization of agricultural and industrial production and distribution along collective and communal lines. Workers are mobilized to resist economic sabotage which was lowering economic production. Certain groups, which suffered particular forms of discrimination under colonialism, such as Mozambican women, are being brought into the development process. Organized in residences, places of work (factories, communal villages and production cooperatives), places of study, and in government bureaucracies, the function of the GDs to involve all the people in discussion of national and local policy issues.

In October 1976, a new worker organization, Production Councils (PCs) was established in 45 factories in Maputo. These are the embryonic structured for a new national labor organization which the Government hopes to create. The PCs seek to explain the whole production process to each worker, to explore ways of increasing production, and to set production quotas for sections of the factor and the factory as a whole. Their main purpose is to involve workers more and more in the actual day-to-day operations and decisions of the factory.

A third means of organizing participation in development is the state farms and communal village structure in rural areas. State farms have been established on abandoned Portuguese farms and plantations while the communal villages are the primary means to organize the traditional rural sector. It should be noted that other donor representatives (ODM, SIDA) with active programs in Mozambique indicate that there is a high degree of voluntarism and little, if any, coercion in these mobilization efforts. (These are discussed in greater detail below.)

A. Constraints and Priorities

The development priorities of Mozambique are best understood in the context of FRELIMO's Third Congress held in February 1977, supplemented by the Fourth Session of its Central Committee held in August 1978. These documents set out objectives by

sector with the priorities in each sector delineated. The objectives and priorities are summarized below.

Agriculture - Primary emphasis is given to a mixed structure including state farms (principally on plantations abandoned by the Portuguese), cooperatives, communal villages, and family farms. The initial emphasis was to reactivate agricultural production to pre-independence levels by 1980 in order to adequately feed the population, supply raw materials to industry, and increase foreign exchange earnings through export. Objectives are to be achieved through improved agricultural planning, supporting infrastructure for cooperatives, upgraded production techniques, improved harvesting practices and storage facilities, and research oriented to support basic production. Although the state farms were given initial priority, recent statements point to an increased concentration on traditional agriculture represented by the communal village and family farm.

Industry - Efforts are to be made to revitalize industry to supply basic consumer needs and process agricultural raw materials -- especially sugar and cashews -- for export. A combination of state and private sector enterprise will be used, but the latter will be regulated by government. The goal is to attain pre-independence (1973) production levels by 1980 and to draw up a long-term, agro-industry plan by that date.

Natural Resources - Emphasis is given to the exploitation of the large coal reserves with a production goal of 2.5 million tons by 1980. A state firm is to be created for the exploitation of gold, asbestos and copper. Finally, an inventory is planned of sub-soil and marine and mineral resources to determine their most rational use.

Internal Trade - To make the agricultural strategy more effective, internal trade is to be improved by organization of an efficient commercial network through cooperatives, private trade and state enterprise. Studies are to be made to standardize prices, to create a national body for coordinating supplies and to establish fair trade margins for producers and consumers.

External Trade - Efforts are to be made, largely through state enterprises, to increase exports of cashews, sugar, cotton, tea, timber, oil seeds, prawns, coal and cement. On the import side primary emphasis is placed on basic necessities, especially food and spare parts, with luxury items restricted.

Transport - The transport system is to be improved for both the needs of Mozambique and its neighbors. Railway and port investments are needed for both purposes in order to move mining and agricultural products. Special emphasis is to be given to meet the demand for public passenger transport services where long queues provide clear evidence of the need to acquire vehicles and spare parts. Also needed are trunk roads, especially north-south links, and completion of the link to Zambia, and all-weather dirt roads to connect centers of agricultural production with the railways, main roads and lake and river transport.

River Basins - These are emphasized for their vast potential in providing hydro-electric power and irrigation. A study is needed of national hydroenergy resources and a technical training center is to be created. Emphasis on dam and irrigation schemes include construction of another 15,000 hectare scheme on the Limpopo, new irrigation schemes of 24,000 hectares on the Elefantes and Limpopo, and the completion of the Massinger Dam. Potable water supply for communal villages is also emphasized.

Civil Construction - Primary attention will be directed to completion of structures abandoned in various stages of construction with priorities for hospitals, schools and apartments. In addition, a distribution network for construction materials is to be established and state construction firms organized.

Finance and Banking - Priority in financial commitments is to go to agriculture, industry, commerce and transport with a view to satisfying the basic needs of the masses. A key necessity is to eliminate financial deficits in the state budget and enterprises. A policy of austerity along with production gains will be followed. An effort is to be made to direct profits and savings to the state and the banking system.

Education - All adults and children are to have access to all levels of schooling and the system is to support the economic and social development of the country. Literacy training for adults is emphasized and literacy training structures are to be created in every province by the end of 1977. In primary education, each year up to 1980, 3,000 primary school teachers are to get refresher courses and 1,500 new teachers are to be trained

Primary education is to be extended to the communal villages and, by 1980, 60,000 students should complete the first four primary grades.

In secondary education, priority is to be given to technical and professional training. By 1980, five agricultural secondary schools, one industrial school for training mechanics, and a teacher training institute are to be created. Also by 1980, 180 students from the agricultural schools and 130 students from the industrial school should graduate.

Health - Preventive medicine is given priority over curative medicine and the population will be actively involved in protecting their own health. Special attention will be directed to the provision of potable water. Hospitals are to be integrated into community life. By 1979, the entire population should be vaccinated against smallpox. By 1978, health outreach systems are to be created for maternal and child health and family planning. By 1980 a pharmaceutical industry is to be created with a capacity to ensure supplies of essential products.

Housing - For the improvement of housing conditions in a period of shortage of resources and capacity, the principle of people relying on their own efforts is to be established. A department is to be created to define guidelines and strategy for planning urban centers, to organize people for self-construction programs, housing construction cooperatives and support for the development of credit and savings schemes linked with housing.

B. Progress in Meeting Development Objectives

The commitment and progress of Mozambique in its development objectives since independence are most clearly evidenced

in the health and education sectors. Progress has been less evident in agriculture.

Within the agricultural sector, the major initial emphasis has been directed to revitalize the former European commercial farms and plantations under a state farm system in order to increase urban food supplies and to reestablish exports to pre-independence levels. To date, this has not succeeded and the Minister of Agriculture was recently replaced reportedly in part due to production stagnation on the state farms. More recently, a major effort has begun to recast traditional agriculture through a communal village scheme (aldeias comunais) and to encourage production on family farms.

Thus, while the dislocations analyzed above resulted in a poor economic record with regard to standard indicators, considerable progress has been made at the grassroots level to improve living conditions, health status, and educational levels to a broad spectrum of the population which never before had such opportunities.

The sections that follow describe priority development activities and programs now being implemented or actively planned by the Government.

1. Agriculture

The leading edge of Mozambique's development strategy is to revitalize agricultural production in the short-term as a resource base for carrying out the other parts of its

strategy.

Following the exodus of European farm and plantation owners, the government took control of many of the 2,000 abandoned estates to prevent the total paralysis of the cash crop sector, to curtail widespread plundering and economic sabotage, and to stem growing despair among the large unemployed work force.

Immediately after the nationalization, local dynamizing groups and state officials held extensive meetings to explain to the workers why nationalization was necessary and how the estates would be reorganized. Simultaneously, a small number of foreign technicians were recruited to help plan and structure the state agricultural sector. Major contributors to this program have been the Nordic countries, which will provide some \$50 million for a three-year support program which began in 1978. The Nordic Governments, in addition, provided some \$13 million in interim support to be used for equipment, spare parts, and other commodities and equipment.

Although the organization of labor varies slightly from one state farm to another, it is based on the principles of collective labor and decision-making. Workers are organized into brigades and subdivided into smaller teams, each of which has an assigned task and an elected "responsible" or leader. Each brigade selects a representative to sit on the Conselho de Machamba (advisory council), which oversees the farm's day-to-day operations. The Council and the brigades meet

together weekly to discuss ways to increase production and to solicit criticism and suggestions from the workers.

State farms have also provided workers a number of other tangible benefits. On many, wage schedules have been raised. Even where salaries have not changed dramatically, the workers have received a number of other tangible benefits. According to a New York Times reporter, who visited Macuse, a nationalized copra plantation ... "So far nothing astonishingly dramatic has happened. People still receive about \$1.30. They still are dressed in ragged clothing. But there are schools and night literacy classes for adults. There is a medical team. There is a group of Cuban technicians working with the people to develop improved cattle raising techniques." He concluded that in a society where previously "there were no schools, no clinics, no doctors, these are important social and economic gains."

Although there has been some progress on certain farms, there has been little impact on the food deficit. Output still remains below 1973 figures, but it is appreciably higher than during the first years of independence. The Nordic program is expected to eventually bring these farms back to 1973 production output.

The second main element of the agricultural effort are the communal villages in the traditional sector. They are being established not only for the purpose of increasing the production of foodstuffs but also as a means for more effectively and efficiently providing the rural population with better

health, education, and other services.

As of March 1978, the government reported that there were approximately 1,500 communal villages of different sizes in various phases of development - with an estimated total population of about 1.5 million participating. According to reports from other donors, the decision to form such villages is voluntary and farmers are free to cultivate individually on family units if they so desire. All communal villages share two organizing principles: (1) collective participation in all decision-making process; and (2) collective labor and proportional distribution of produce and profits. In addition, opportunities for the cultivation of small private family plots and other basic social services are provided.

To supply needed goods to the villages, and as an alternative to the cantinas, the small stores run by Portuguese, Indian, Pakistani, and Goan shopkeepers during the colonial period, a number of communal villages have already built consumer cooperatives to insure that basic necessities are available even in the most remote areas. These are a complement to Lojas do Povo (People's Stores) which are government-run establishments also designed to assure an adequate supply of consumer needs at reasonable prices.

In addition, with regard to distribution in the rural areas, a National Directorate for Agricultural Economics and Marketing (DINECA) has been established in the Ministry of

Agriculture. It is responsible for the organization and development of collection and marketing of agricultural commodities and will also organize input supplies for agricultural production. The efficient functioning of DINECA is of great importance to the country since marketing has broken down after the many small traders ceased operation, leaving the collection of produce from the traditional sector largely in the hands of the government. This is likely to remain a problem until such time as the cooperative structure is fully operational and/or small traders are allowed to fill the vacuum. Inputs and other commodities must be supplied and surplus production collected within reasonable reach of the majority of the production units. Additional trucks are needed to improve the scope of DINECA's operations. Also to be resolved is a pricing policy which will give producers a production incentive. Presently, prices paid for farm produce are quite low and studies are needed to determine how pricing policies and more competitive marketing channels can play a role in stimulating production.

## 2. Health Measures

On July 25, 1975, within a month of independence, the government declared that all Mozambicans had a right to proper medical treatment. Furthermore, private medical practice was banned. By April, it had drawn up an emergency program providing for the repair of existing facilities, the training of medical assistants and the establishment of sanitary stations, small town health clinics and rural maternity

clinics. The goals of the new national health program focus on preventive rather than curative medicine, development of accessible rural health services, and restructuring of existing hospitals.

Under the program, functional positions of health promoters will be established at the lowest level. They are to be selected by local communities and work part-time. They will receive para-medical training and also have responsibilities in disseminating sanitary and nutritional education information. At the next highest level are sanitary posts and maternity clinics probably at the municipal level. There are 280 sanitary posts planned, to be staffed by a full-time medical person who would have outreach functions as well. There are also 186 maternity clinics anticipated. The next highest level would be health centers, with 89 planned. At a minimum, these centers are to be staffed by a nurse. Rural hospitals would form the next tier in the health care system, with 25 such facilities planned. These are to be staffed by a part-time doctor and supporting full-time staff. At the highest level would be the ten district hospitals, which are to have surgical, obstetrical, dental, and pediatric facilities.

Health care services are basically free to all and cover preventive care, rehabilitation and recuperation, as well as in-patient treatment, drugs and food. Only out-patients are charged for consultations, and the sliding fee cannot exceed fifty cents. If the individual cannot make the payment, the

government will assume the cost.

The budget for health has been increased considerably since the last year of colonial rule rising from 4.9% of the national budget in 1972-73 to more than 11% in 1977.

Mozambique is receiving considerable foreign assistance in health. Moreover, crash training programs have been instituted to confront the problem of shortage of medical personnel. Mozambique has introduced a variety of one and two year training courses in addition to the long courses which produce doctors and nurses. Four training centers are operating in Maputo, Beira, Quelimane and Nampula. A fifth was planned for Tete in 1977. In 1976, between 300 and 500 students were being trained. The aim was to graduate 1,000 students as medical assistants each year. However, there is a vast need for equipment, educational material and teaching personnel.

At regional training centers throughout the country, para-medics or Agentes Polivalentes (basic multi-purpose agents) are learning simple preventive and therapeutic skills which enable them to return to their communities to teach the peasants to protect themselves from the most common diseases. These health workers are chosen democratically by the villagers to ensure a high degree of confidence. The person selected must be 17 or older and literate, although in some cases individuals who have the confidence of their community but lack sufficient education can take an intensive preparatory course. In return for their services, the local community provides the health

worker with housing, food, and other materials support. By the middle of this year, it was expected that several thousand health agents would be trained. Ultimately, government plans call for one local health worker for every 1,500 people. Additionally, the government is retraining health workers who were employed during the colonial period as all-purpose medical personnel to travel between communities providing back-up support and advice to the local health worker.

Little information is available on the traditional medical healers or their present role. The tribal diviner still appears to have considerable influence, according to one source. Besides diagnosis, he also acts to cure diseases; remedies include both magical and medicinal treatments. He possesses a practical knowledge of herbs and treatments taught to him by his predecessors. The strongly secular FRELIMO government has consistently condemned "unethical" practitioners of witchcraft.

In June 1976, Mozambique's first national vaccination campaign was launched in three northern provinces most affected by the war against Portugal. These areas also have had large numbers of Zimbabwean refugees and Mozambicans returning from neighboring countries. The campaign was organized by a central administration in the Ministry of Health and supported by the political, administrative and health structures throughout the country, as well as by active participation of the people. In addition, financial and technical support was provided by UNICEF, the WHO, and the UNDP. A 1978 source reports that more than six

million persons have been vaccinated so far. The intent of the **three-year** campaign is to vaccinate all Mozambicans against small-pox, all children between 6 and 15 years against tuberculosis, and those between 6 months and 6 years against measles. Smallpox this year was declared nonexistent in Mozambique by the WHO.

Despite remarkable progress since independence, the health needs for the people of Mozambique remain among the most acute in Africa.

### 3. Educational Progress

In the field of education, literacy training, primary education and various forms of technical training have been given top priority to correct the many years of neglected educational opportunities for Africans.

There has been a dramatic increase in the number of students attending primary school, almost half of whom are now girls, increased from 700,000 to 1,300,000, and secondary school enrollments during this period tripled from 20,000 to more than 60,000. The state has also encouraged young women to enroll in vocational training programs previously reserved for males.

Of particular note is the attention which has been placed on educational opportunities for young girls. In the past, they suffered double discrimination at the hands of the colonial government and their parents, who preferred to utilize their labor while preparing them for early marriages which often

brought a handsome bride price. But after extensive public debate and private counseling with the dynamizing and women's groups, most parents agreed to send their children, regardless of gender, to school. Mozambique now has one of the highest percentages in Africa of school-age girls actively attending classes.

Literacy training for adults has also been emphasized and tens of thousands of Mozambicans have learned to read and write since independence. Illiteracy is still widespread, however, and plans call for the training of 3,400 literacy teachers. To offset the current teacher shortages, advanced students staff the literacy centers. In 1977, almost 7,000 reading programs operated in factories, shanty towns, communal villages, hospitals, storefronts, and a variety of other places where people congregate in large numbers. At least 450,000 Mozambicans had enrolled in these programs - almost half of whom were women.

The overriding problem remains a shortage of qualified teachers. The Portuguese exodus left the urban schools badly under-staffed. In the rural areas, the already insufficient number of teachers were poorly trained and oriented toward Portuguese values. Operating on the principle developed in the liberated zones that those who had some education had a responsibility to educate those who did not, the Ministry of Education organized teacher preparation courses for students

with at least a sixth grade education. In addition, within the primary school system, a reform program has been initiated through the further training of 6,000 teachers during 1975 and 1976. Furthermore, 1,500 new teachers are to be trained annually in order to be able to examine 60,000 yearly from the fourth grade by 1980.

While emergency measures have enabled the government partially to overcome the staggering teacher shortage, the quality of instruction needs to be upgraded. As Garca Machel, the Minister of Education has stated, "In our present situation, in which we are dependent upon our own resources, professors who are not properly trained are given the difficult task of teaching. As is obvious, the quality of instruction is not at the level which we desire but it is the best which we can provide at this moment." Toward this end, teachers are expected to work collectively, sharing classroom experiences and problems, sharpening teaching skills, preparing new courses, and discussing relevant contemporary issues. Government officials also believe that field work familiarized students with the daily problems of the Mozambican people and that they will be able to overcome problems in the future by combining their practical knowledge with the theoretical concepts acquired in the classroom. Similar considerations underlie the July activities in which all university students, faculty and staff spend a month in the rural areas building

latrines, planting crops, disseminating health information and in general, living and working side-by-side with the peasants. Participating in manual labor is designed to eliminate elitist ideas and create a sense of common purpose between the educated minority and the mass of Mozambican peoples.

With regard to technical training in the middle of 1977, there were 47 schools for occupational training - 9 agricultural schools, 24 industrial schools and 12 commercial schools. A committee has been formed for the reorganization of occupational training with respect to the location of the schools, equipment, and teacher requirements.

With regard to higher education, the Eduard Mondlane University had an enrollment of 2,000 students in 1975, mainly in the areas of medicine, engineering and law. Since independence and the loss of many lecturers, the University has reoriented its curriculum in order to break away from a purely academic and elitist environment, students have been organized into University Brigades and participate in teaching and working in rural Mozambique during vacation months.

Expenditures for education accounted for more than 16% of the national budget in 1977, second only to defense.

#### 4. Role of Women

The Organization of Mozambican Women (OMM), formed in 1972, plays a principal role in continuing the mobilization

of women and working towards the goal of the total emancipation of women now that independence has been won. At the second OMM conference, one of the conclusions was that "the material conditions must be created whereby women can liberate themselves from their enslaved condition...the communal villages can be integrated into collective work. They will have the same rights and duties as men, and the product of their labor will benefit themselves and the community!" At the same conference President Samora Machel emphasized, "the participation of Mozambican women in all sectors is an essential condition for the triumph of our Revolution."

Despite government directives, opposition to the principles of women's equality is deeply imbedded in the Mozambican past. Allowing for slight regional and ethnic variations, the heavy workload of peasant women, the sex division of labor, and the absence of political power among women reflected their subordinate status throughout pre-colonial Mozambique. Numerous traditions and customs including bride price (lobola), forced marriages, polygamy, fertility requirements, and the ease of male divorce, reinforced and legitimized the exploitation of women.

Against a backdrop of anxiety and hostility, the Government initiated a major educational and action campaign

under the direction of the O.M.M. At the national level job, wage and other forms of discrimination in the public sector were explicitly forbidden. The O.M.M. was transformed into a grassroots movement capable of mobilizing millions of rural Mozambicans. Under the rural campaign, which began in earnest in the second half of 1977, a series of public meetings as well as weekly study groups were organized. After weeks of discussion, four themes prevailed: (1) traditional institutions, especially bride price and polygamy, dehumanized women as did exploitative colonial practices; (2) concerted efforts had to be undertaken to ensure that girls had opportunities similar to those offered to boys in all aspects of their development; (3) women had a right and responsibility to assume all the positions which men held; and (4) a local branch of the O.M.M. should be organized and new members recruited.

Although the major efforts of the O.M.M. have been in targeted rural locations, a concerted effort began in early 1978 to mobilize women working in factories and living in urban centers. In an effort to create new job opportunities, the O.M.M. in conjunction with the Government, has helped to organized more than fifty day-care centers, primarily in Maputo, and had plans for a nationwide network

in the near future. In addition, 30% of the selected members of the People's Assemblies in Mozambique are women.

Although the O.M.M. has recently scored impressive gains and the Government remains an ardent defender of women's rights, for many, equality still remains a hope for the future. While thousands of women have joined the O.M.M. during the past year, the lack of a sufficient number of highly qualified organizers, transportation difficulties, and the dispersed residential patterns in many parts of rural Mozambique, have necessarily limited its impact.

#### 5. Role of Private Enterprise

Private enterprise will play a secondary role to state, cooperative and communal forms of organization in the new Mozambique. Nevertheless, the Government has taken a pragmatic position regarding both local and foreign private enterprise. They can play an important role in the development of the country.

The principal cause of property takeover after independence was not widespread forced expropriation but nationalization caused by abandonment of property and attempts, frequently successful, of farm and business owners to disregard equipment maintenance and even destroy physical capital. There are various reports that by independence most factories had been abandoned with many in total disrepair. The Government, however, encouraged

the small number of factory owners who had not fled to keep their plants open and assured them that it intended to uphold their constitutional right to own private property. However, some of the private firms have been having difficulty securing import licenses for essential raw materials. In addition, the government has not been able to provide foreign exchange for profit repatriation as provided for in the law which further discourages private investment.

Official statement of policy toward private enterprise is contained in Decree-Law No. 18/77 which states that private investment will be authorized on the basis of its participation in national reconstruction and in meeting the basic needs of the people. Both domestic and foreign private investment is permitted but under state regulation with regard to operations and profit repatriation. A reading of the law indicates that the regulations are reasonable and should result in the expansion of the private business sector if properly promoted.

The Mozambique Government has been in contact with several U.S. firms, including Union Carbide, Castle and Cook, Texaco and Exxon to explore investment opportunities. Furthermore, an American company, General Tire, is engaged in putting into operation a new tire factory.

The largest operation with foreign involvement is the Cabora Bassa hydro-electric power project. The costs will be amortized over the next 20 years through the sale of electricity to South Africa.

C. Foreign Assistance

The role of foreign assistance is very important at this stage of Mozambique's development. The critical nature of manpower needs and the disastrous balance of payments condition were discussed above. Even after considering foreign assistance commitments already obtained, there is still an annual shortfall of \$225 million if normal development is to take place. (Such shortfalls had normally been filled via earnings from Rhodesian and Zambian transit trade now halted and from the sale of gold from South Africa under the Mozambique Convention which has been modified.)

In December 1977, the U.N. General Assembly adopted resolution 32/95 on assistance to Mozambique. The Assembly recalled the decision of the Government of Mozambique to implement mandatory sanctions against the illegal regime of Southern Rhodesia. It also recalled Security Council resolutions 386(1976) of March 1976, and 411(1977) of June 1977, in which the Security Council appealed to all states to provide immediate financial, technical and material assistance to Mozambique. The General Assembly expressed deep concern that the total assistance received by Mozambique fell far short of its requirements.

The foreign assistance provided to Mozambique includes that of international organizations under the U.N. system (UNDP, FAO, WHO and UNCHR), the African Development Bank and a great variety of bilateral assistance from western countries, especially the Nordic group and Great Britain, as well as socialist countries.

Considering Mozambique's critical manpower shortages, assistance provided has included heavy elements of technical assistance, with a strong focus on operational personnel at most professional and technical levels. In addition, spare parts, motorized vehicles and other equipment, drugs and vaccines, construction materials and food have all received major attention from foreign donors. In accordance with Mozambican priorities assistance has been concentrated in the agricultural, health, education, and industry sectors; for infrastructure improvements in roads, ports, and railways; and for general services, especially the provision of buses.

Aside from its contribution under the Nordic program, Sweden, acting through its aid agency SIDA, is also providing assistance in a diverse range of areas including studies (transport, forestry and mineral exploration), untied technical assistance, food aid, equipment and commodities. A major transport study is presently being completed by a Swedish firm and is to cover all modes of transport including primary and secondary roads, railroads, inter-coastal shipping and ports, and air-transport.

The British, acting through its Overseas Development Ministry (ODM), is also a major donor. It has recently approved a 22 million pound program grant as part of the U.N. call for assistance to compensate Mozambique for the economic damage caused by applying sanctions on trade with Rhodesia. In addition,

the Crown Agents are beginning work in two provinces on labor intensive feeder road construction. The Crown Agents project and the Swedish transport study are very important starting points in the long-term effort required to resolve Mozambique's massive transport problems.

A technical cooperation agreement has been signed with Portugal and there is a possibility that the number of Portuguese contract technicians working in Mozambique may increase appreciably in the next several years. The Mozambique government pays for the technicians under current arrangements and the critical balance of payments problem is a limiting factor.

Mozambique is not a member of the World Bank group but this could be a potentially attractive source of foreign assistance for the future as Mozambique would qualify for IDA's 50-year, low interest loans.

The United States has provided direct assistance to Mozambique through PL 480 food assistance and a \$10 million cash grant. Direct food aid has been provided under two separate Title II agreements. The first signed in September 1976 was for 21,800 metric tons of wheat. The second, signed in December 1977, was for \$8.7 million worth of emergency food assistance for two programs; a bilateral program for flood relief including 20,000 metric tons of wheat; 5,000 metric tons of rice; and 2,000 metric tons of non-fat dry milk, and a program for Zimbabwean refugees in Mozambique including 2,190 metric tons of rice, 438 metric

tons of non-fat dry milk and 169 metric tons of vegetable oil. In addition, in response to a World Food Program request, the U.S. agreed in September 1977, to provide \$1.6 million in Title II commodities for four projects including resettlement of repatriated Mozambicans, resettlement of Limpopo flood victims, school feeding and resettlement of Zimbabwean refugees. Finally, a third agreement has been authorized and will be signed soon; major commodities are 4,350 metric tons of corn and 7,633 metric tons of rice to replace food commodities cost in Zambezi floods.

The largest single U.S. assistance packaged was a \$10 million cash grant approved in the Transitional Quarter of FY 76, to alleviate the severe balance of payments shortfall in response to a U.N. resolution calling on member states to help Mozambique cope with economic problems arising from the application of sanctions against Rhodesia. The local currency generated is deposited in a special account and used for projects in agriculture and potable water supply. Types of projects eligible for financing in agriculture include irrigation, rural roads, agricultural education, seed multiplication and tools for small farmers.

## VI. Possible Strategy Options

The general themes of Mozambique's development objectives and priorities have been defined by FRELIMO's Third Party Congress and by the fourth session of the Central Committee. Nevertheless, these themes apparently have not been translated into a comprehensive official development plan. In part, this is due to the virtual absence of basic data that is essential to the planning process. Much of this data was taken to Portugal, and, despite the requests of both the Mozambique and Swedish governments, has not yet been returned. The present lack of trained manpower and budget resources precludes any immediate organization of comprehensive data collection, analysis, and publication. The impending transport analysis being completed by VIAK will represent the first post independence attempt to analyze national and local production consumption data.

In the absence of a comprehensive plan, any attempt to outline possible strategy options is, at best, highly speculative. The attempt to do so below is made with great qualification. The purpose of offering a hypothetical strategy is in no way meant to prescribe how development is to be carried out in Mozambique. Rather, the intent is to stimulate thought and discussion concerning Mozambican development needs and priorities. In part, the strategy is presented as ideas for further consideration in the possible event that the U.S. is able to provide new direct assistance to Mozambique and that the Government of Mozambique chooses to request such assistance.

The below presentation reflects program ideas to be taken in the key development sectors (agriculture, health, transportation, etc.). Possible actions are offered for each of three distinct time periods: the immediate future (1978-80), mid-range (1981-85), and long-range (1986-90).

A. Agriculture

The acknowledged severe food shortage suggests that agriculture and food production is the most immediate strategy priority. Estimated current year import needs of 386,000 tons of food will be partially met by the allocation of scarce foreign exchange for imports and by some externally financed, concessional shipments. This assistance will not close the food gap, and an estimated deficit of 180,000 tons will remain. For the immediate period (1978-80) and the following phase (1981-85), food production should continue to be the principal development focus. The following strategy suggestions would appear consistent with announced government policies:

1. Immediate Phase 1978-1980

For the immediate phase, emphasis should be placed on commodity imports and other forms of program assistance because of management and manpower deficiencies and difficulties in implementing projects:

- Negotiation of food aid agreements with friendly donors. Particular attention should be given to negotiating food agreements which permit local sales and the

generation of budgetary resources for the local cost financing of agricultural projects.

- Additional emphasis on the aldeias comunais and cooperative programs. It is possible that the pace of development and the provision of agricultural inputs and support services could be accelerated. For instance, locally manufactured agricultural equipment and fertilizers could be considered in a supporting role.
- Production price incentives for small producers. Judging from experience elsewhere in Africa, food production increases can be fairly rapid when small previously subsistence, farmers realize that there are assured adequate commodity purchase prices for their labors. In this context, it is possible that consumer prices may have to rise or that rural production may have to be subsidized in some fashion until the food gap is closed.
- Continued emphasis should be placed on bringing the state farms back to a level of pre-independence production. However, this objective should not divert resources from the broader based, popular efforts where farmer response could be more immediate.

- Attention should be given to improving systems of food and produce collection, marketing and distribution. At the same time, a similar system could improve the distribution of inputs (e.g., seeds, fertilizers, handtools).
- Consideration should be given to expanding the availability of village based, agricultural technicians, particularly lower cost voluntary agencies. Possibilities include Swedish and U.N. volunteers, and the recently proposed Food Corps.

2. Phase I - 1981-85

- Expansion of irrigated land areas, particularly in Koomali Valley and Limpopo, Oliphant, Ruvoma and Zambezi River areas. These irrigation perimeters could be organized as small-holder schemes so as to maximize employment opportunities. As much as 60,000 hectares could be developed during this period.
- Increased support for aldeias comunais in the form of agricultural inputs, farm equipment, and storage facilities.
- Expansion of mid- and higher-level agriculture training institutions.
- Beginning of comprehensive river basin planning with neighboring states to assure riparian allocation of water and basin development that is environmentally sound.

- Creation of in-country agriculture research capacity, particularly in applied research. This should build on much of the cash crop research started by the Portuguese.
- Enlargement of now limited livestock disease program. Meat and milk production, needed to improve dietary protein deficiencies, will depend on substantial improvement in animal disease control. This is an area of great concern for neighboring countries and an opportunity for cooperation on a regional program.

2. Phase II - 1986-1990

- Continued expansion of irrigated perimeters along all major rivers. Provide new opportunities to communal villages and cooperatives for diversification into cash crops. This would probably require construction of several major dams.
- Employment strategy through investment in various agro-industries. Exports could be diversified by using Cabora Bassa power to have greater benefits of value added to exports of agricultural goods, e.g., textiles, confectionary, leather products.
- Further diversification of small farmer program through mixed farming systems. Efforts should be made to expand food availability through greater use of animal traction, on-farm feeding

of livestock, expansion of poultry in disease-free areas. Animal traction, although of potential immediate importance as an appropriate technology, is suggested for emphasis at a later phase because there is virtually no experience with this technology and because of animal disease problems which must be resolved first.

B. Transportation

The size of Mozambique, its "vital" transit role vis-a-vis the interior land-locked countries and its own intensive transport needs create considerable dilemma for the government. For instance, given limited investment capital and manpower, should the GPRM concentrate on rural roads programs to support the communal villages, on north-south linkages for national integration or on transit links to expand foreign exchange earnings? After the completion of the VIAK study and review by Mozambican authorities, the priority sequence of investments will become more precise. However, the following strategy suggestions are probably consistent with the findings of the analysis.

1. Immediate Phase - 1978-1980

-- The most immediate need is to expand foreign exchange earnings. In terms of heavy transport, it is suggested that capital, rolling stock, and maintenance capability be concentrated on rendering more efficient the transit routes from Maputo, Beira and Nacala. This is essential

to relieve congestion in Dar es Salaam, to create jobs in the port cities, and, most important, to increase tonnages moved and earnings. When Zimbabwe is independent, traffic should increase considerably; the efficiency of operation should be improved now.

- To improve efficiency in the transit routes, the first task is the strengthening of organization and management. Existing equipment is adequate, although some railbeds are in urgent need of repair, and some rolling stock and spare parts are urgently required.
- If there is to be positive support for the increase of food production, the maintenance of existing rural roads and the construction of some new ones into high potential agricultural areas should be started soon. Some donors, (SIDA, U.K.) are already providing assistance for labor-intensive road construction and maintenance. This effort should be expanded if possible and if feasible supplemented with food aid activities.
- For the immediate phase, it is suggested that all manpower and resources be concentrated on the above and that north-south lines of new primary road construction be given secondary priority. For the moment, the national airlines (DETA)

can provide substantial transport services between northern and southern regions of the country. For all practical purposes, domestic coastal shipping is non-existent.

- Training in almost all areas of transport, including planning, engineering, road and vehicle maintenance and railroad operations should be expanded as soon as possible. Aside from investment capital, this is the single most limiting factor in expanding transport capacity. The railway training center at Imhanbane should be expanded.

2. Phase I - 1981-1985

- Assuming satisfactory function of transit links, the next phase should probably emphasize agricultural penetration roads and farm-to-market roads. There are regions of the country where renewed production of sugar, cotton, cashews and wood products could be enhanced by new transport outlets. The success or failure of Mozambique's program of mass participation in development and food production will probably depend largely on the delivery of agriculture and other services and on efficient collection and marketing of foodstuffs from now remote areas. New construction should be a logical extension of the labor intensive road programs now being started.

- Port facilities at Beira and Nacala should be expanded. There may be limited expansion potential at Beira, but, according to the Transmark study, some additional space and dredging could make these facilities more useable. Nacala, on the other hand, has practically unlimited potential for enlargement; following the VIAK recommendations, new investments in wharves, warehouses, and handling equipment should be started during this phase.
- It is recommended that, given investment capital shortages and the interest of interior countries on the effective functioning of Mozambique's transport facilities, the GPRM conduct negotiations with Malawi, Zambia, Swaziland and Zimbabwe to determine the possibilities for joint financing of transit infrastructure and the feasibility of more formalized consultation on regional transport movements.
- Planning, feasibility studies, and engineering work should be started on new primary road and rail links that will be required for mineral exploitation and river basin development, particularly in the Moatize area.
- Following on an EEC financed study of navigability of the Zambezi River, plans should be developed for greater use of the river in possible mineral export.

3. Phase II - 1985-1990

- Completion of fully expanded facilities at Nacala port.
- Development of new rail lines into Nacala.
- Improvement of primary north-south links. Possible linking of rail lines from Maputo to Beira.

C. Manpower and Education

1. Immediate Phase - 1978-1980

- Continued mobilization and participation of the population in non-formal, self-help education as part of aldeias comunais program.
- Added emphasis on higher education for much needed engineers, agronomists, veterinarians, doctors, economists, statisticians. Initially every effort should be made to assist Mozambican training institutions with foreign training. a secondary possibility.
- Expansion of teacher training, particularly in-service, to upgrade the quality of primary and secondary school teachers.
- Technical education for mechanics, carpenters, electricians, machinery operators. Secretarial training should be emphasized through establishment of a secretarial and administrative training institution in Mozambique.

2. Phase I - 1981-1985

- Construction of new schools and training institutions in numerous districts. Particular attention

should be given to teacher training colleges and to agriculture vocational centers.

- Expansion of Eduardo Mondlane University so that the need for foreign higher education could be reduced.

D. Urban Development and Housing

1. Immediate Phase - 1978-1980

- Organization of self-help housing construction using local materials to begin elimination of urban slums. Every effort should be made to create jobs and to train artisans.
- Provision of potable water, starting with urban areas.
- Organization of health services and educational opportunities for urban poor wherever they may not now be available.

2. Phase I - 1981-1985

- Establishment of appropriate financial institutions that can encourage a renewal of housing construction in urban areas, particularly for sites and services. Since all rents go to the general revenue based on a fixed percentage of income, it is possible that these funds could provide a source of capital to attract housing guarantees. These could include (as in Botswana) leasehold plots on state-owned land or housing cooperatives.

E. Fisheries

1. Immediate Phase - 1978-1980

- Organization of shrimp industry to assure re-establishment of shrimp exports as immediate source of needed foreign exchange.
- Secure greater availability of other fish resources for dietary supplement to the population.

2. Phase I - 1981-1985

- Begin construction of a larger fishing fleet for more systematic exploitation of Mozambique's fishery resources.
- Storage and preservation facilities should be constructed.
- Development of a fisheries conservation plan to assure that harvesting of fish resources is not leading to depletion of any species.
- Expansion of fresh water fish potential through fish culture and better preservation and drying techniques.

F. Health

1. Immediate Phase - 1978-1980

The priority areas for health development are already receiving significant attention. However, given the overwhelming need in the sector and the budgetary and foreign exchange difficulties facing the country, it could be assumed that there is considerable scope for expanded assistance.

- Health care for at risk populations particularly refugees;
- the supply of physicians and auxiliary health personnel, particularly for rural areas;
- financing of imports of medicines, vehicles and hospital equipment;
- integration of nutrition objectives into agricultural program;
- general nutrition support including high protein foods;
- nutrition education;
- training for health manpower;
- support for vaccination programs;
- potable water supplies for both urban and rural poor;
- environmental health and sanitation;
- support for mobile health clinics.

2. Phase I - 1981-1990

- Expanding an institutional base to assist refugees and other displaced persons;
- Establishment of permanent training facilities for medical personnel. Classrooms and libraries will probably be required, although an attempt should be made to train through mobile units.
- Development of locally produced pharmaceuticals. At present, almost all medicines and preparations are imported at prohibitively high costs for most of the population.

- Expansion of programs for potable water. Targets might be set so that approximately 80% of the population would have access to safe water by 1990.
- Organization of campaigns against communicable diseases.

#### G. Forestry

##### 1. Immediate Phase - 1978-1980

- Planning for a pulp mill and lumber industry in the northern area.
- Planning for reforestation and other job creation activities in the sector.

##### 2. Phase II - 1981-1985

- Construction of the pulp mill. Some local manufacture of paper products.

#### H. Tourism

Consideration of renewed encouragement of tourist industry, particularly for Gorongosa game park. Although small relative to total needs, this could provide some immediate source of foreign exchange earnings.

#### I. Industry and Mining

The potential of these two sectors is both significant and, as yet, the full potential is still unknown. Therefore, only the following is recommended:

- Exploration and ground confirmation of all possible mineral deposits. More extensive exploration could be carried out by aero magnetic survey.

- Invitation to competent foreign firms to consider development of deposits considered exploitable. Where feasible, maximum effort should be made for the development of local industries rather than long-term export of primary products for conversion to higher value goods elsewhere.
- Since one of the factors discouraging local industry is the high cost of energy, the hydro-electric capacity at Cabora Bassa should eventually be put to the use of Mozambique. Plans should be developed, if they do not already exist, to construct transmission lines into potential industry or mining centers in Mozambique.

J. Elements of a Regional Strategy

Mozambique and the development progress the country makes will be a key factor in the development progress of the region as a whole. There are a significant number of areas where regional cooperation could assist the resolution of economic problems, not only for Mozambique, but for the periphery countries.

The most logical areas of longer-term cooperation would be the following:

- Rationalizing and rendering more effective a regional transport system. It is conceivable that interior countries would want to invest in Mozambique's transit system.
- Beginning a systematic development of river basins in cooperation with other majority-rule states.

These would include the Zambezi, Ruvoma, Pungwe, and Limpopo. The first phase would be to undertake planning of the rivers in a basin wide manner to assure that future dams, irrigation perimeters, etc. are environmentally sound.

- Cooperation in regional animal health projects, particularly in hoof and mouth disease, rinderpest and trypanosomiasis. Development of livestock in Mozambique may well depend on control of outbreaks which might come from neighboring countries. The first step in this sector could be collaboration on the regional center for tick-borne diseases to be established in Malawi. This is a follow-on to the recent MULPOC meeting in Botswana.
- Measures to expand inter-regional trade. The trade patterns in southern Africa are essentially between individual countries and South Africa and the outside world. There are a range of actions that could assist more trade between the independent majority-rule states.
- Development in Mozambique of certain exports such as fertilizers and cement that are needed by the interior countries.
- Joint negotiation with other labor exporting countries for better working conditions and wages for labor in South Africa.

- Opportunities for transnational training. High technology areas such as mining technology, veterinary medicine, etc. would lend themselves to multi-country cooperation until such time as national institutions would be economically justified.

The regional list is only indicative of some of the more obvious areas for regional cooperation. In all probability, many of these steps would be difficult or impossible until Zimbabwe has achieved independence and can also play an active role as a majority-rule state.

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