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Assistance to Mozambique

Report of the Secretary-General

1. In its resolution 35/99 of 5 December 1980, the General Assembly requested the Secretary-General, inter alia, to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Mozambique and to arrange for a review of its economic situation and the progress made in organizing and implementing the special economic assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-sixth session.
2. In pursuance of General Assembly resolution 35/99, the Secretary-General arranged for a review mission to visit Mozambique in June 1981 to consult with the Government. The mission's report, which is annexed hereto, summarizes the economic and financial situation of the country, stresses its major balance of payments, food and transport sector problems, describes its main requirements of foreign assistance and reports on the implementation of the special economic assistance programme.
3. In paragraph 12 of resolution 35/99, the General Assembly invited a number of specialized agencies and organizations to bring further to the attention of their governing bodies the special needs of Mozambique and to report to the Secretary-General by 15 August 1981 on the steps they have taken. The responses of the agencies and organizations will be reproduced in a report of the Secretary-General covering Mozambique and other countries for which the Assembly has requested the Secretary-General to organize special economic assistance programmes.

* A/35/150.

ANNEX

Report of the review mission to Mozambique

(18-25 June 1981)

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I. INTRODUCTION

1. Previous reports of the Secretary-General on assistance to Mozambique (A/35/297-S/14007, A/34/377, A/33/173 and Corr.1, A/32/268; E/5812 and Corr.1 and Add.1) listed various resolutions adopted by the Security Council, the General Assembly and the Economic and Social Council.
2. On 5 December 1980, the General Assembly adopted resolution 35/99 on assistance to Mozambique. In this resolution, the Assembly called upon the international community to provide financial, material and technical assistance to Mozambique and requested the Secretary-General to arrange for a review of the economic situation of that country and the progress made in organizing and implementing the special economic assistance programme in time for the matter to be considered by the Assembly at its thirty-sixth session.
3. In response to General Assembly resolution 35/99, the Secretary-General arranged for a mission to visit Mozambique from 18 to 25 June 1981, to consult with the Government on the economic situation, to review the progress made in implementing the special economic assistance programme and to identify the needs for rehabilitation and reconstruction. The mission was led by the Joint Co-ordinator of Special Economic Assistance Programmes in the Office for Special Political Questions.
4. The mission met with the Governor of the Bank of Mozambique, the Minister for Ports and Surface Transport, and the Minister for Finance. The mission also held discussions with the National Directors for Finance, for Ports and Railways and for International Co-operation. Throughout its stay in Mozambique, the mission met regularly with senior officials of the Ministry of Finance and the Ministry of Ports and Surface Transport and other senior officials.
5. A number of background papers had been prepared by the Government of Mozambique to facilitate the work of the mission. These papers dealt with the budgetary situation, the balance-of-payments position, food requirements for 1981, the transport difficulties and the details of foreign assistance received and required.
6. The mission wishes to place on record its appreciation of the assistance it received from the Government of Mozambique. The Government had made a major effort to prepare for the mission's visit and all information required for the review was provided. The mission also wishes to acknowledge the assistance it received from the Resident Representative of the United Nations Development Programme (UNDP) and other representatives of the United Nations system in Mozambique.

II. SUMMARY OF PRINCIPAL FINDINGS

7. While the economic situation of Mozambique is showing improvement, the foreign exchange situation remains very difficult. Industrial production is expanding, but there is still a great deal of unutilized capacity.
8. The industry and energy sectors together grew by 10 per cent in 1980 and are expected to surpass this growth rate in 1981.
9. The current budget of the Government had small surpluses in 1979 and 1980, but a deficit of \$US 77 million is expected in 1981. There was a significant improvement in the implementation of the State investment budget in 1980, with 80 per cent of the budget disbursed (as against only 60 per cent in the two previous years). The 1981 total investment programme is 43 per cent above that of 1980, at \$819 million, of which the State investment budget amounts to \$664 million. Approximately 19 per cent of the State investment budget, or some \$126.5 million, is expected to come from external assistance sources.
10. For 1980, a list of selected external assistance programmes shows an inflow of \$55.3 million, and the total target was \$152 million. International assistance in 1979 had amounted to \$113 million. The target in 1981 is \$126.5 million.
11. The balance-of-payments deficit has been large, but fairly stable, over the past five years. The deficit on visible trade has been about \$300 million, the surplus on invisibles about \$125 million, and the over-all deficit in the range of \$150 to \$200 million. Until 1978 this deficit was met largely through drawing down accumulated gold reserves, and since then it has been covered by increases in external indebtedness and other forms of external support. The balance-of-payments position is expected to remain relatively unchanged in 1981.
12. Mozambique's needs for external assistance for rehabilitation and reconstruction lie principally in the transport and telecommunications sectors and in the special needs of the three affected border provinces. The total cost of outstanding transport and telecommunications projects identified in this report is \$810.85 million.
13. Needs totalling \$285.7 million arise in respect of Mozambique's railway system, \$336 million in respect of port development and \$116.15 million for roads. Airports need lighting systems and navigational aids costing \$8 million, and a national microwave telecommunications system is estimated to cost \$65 million.
14. The food situation remains serious. Six provinces in the South suffered from severe drought in 1979/80 affecting about 1.6 million people, and about 50 per cent of the agricultural production was estimated to have been lost in these areas. Mozambique had received 148,000 tonnes of cereals as food donations in 1979, and in 1980 this increased to 176,000 tonnes. Although there

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were normal rains in the latter part of 1980 and the first part of 1981, the country needs sizeable imports of food during the period from April 1981 to May 1982. Taking account of domestic production, and purchases and donations for consumption during the period, the uncovered grain deficit is 215,000 tonnes. This deficit includes provision for security stocks of 50,000 tonnes of maize, 25,000 tonnes of wheat and 22,500 tonnes of rice.

III. REVIEW OF THE ECONOMIC AND FINANCIAL SITUATION

A. General

15. With the independence of Zimbabwe, 1980 was the first year in which Mozambique was at peace since the independence war began. However, incursions by the forces of the South African régime continued. For example, in early 1981 that country's armed forces attacked Matola, on the outskirts of Maputo. But with the resumption of normal economic relations with Zimbabwe the possibility now exists for reconstruction and a return to normal development priorities. The economic impact on Mozambique of imposing sanctions against the illegal régime in Southern Rhodesia in 1976 was very great and, while international assistance was of some help in the early years, most of the burden fell on the people of Mozambique. Besides the direct financial costs, particularly lost earnings from ports and railways, the allocation of economic resources was, by necessity, redirected towards defence needs and the emergency situations created by the military attacks from Southern Rhodesia. Therefore while there is now peace and co-operation with Zimbabwe, it remains for the international community to assist in meeting the continuing economic burden which Mozambique has carried through increased support for the normal development projects and programmes which have now become possible.

16. A recent census established the population of Mozambique at 12.13 million, up from the estimated 10 million in 1975.

17. The industry and energy sectors together grew by 10 per cent in 1980 and are planned to grow by 20 per cent in 1981. Growth in 1980 in selected industries is shown in table 1. Projected growth rates for 1981 are shown in table 2.

Table 1

Growth in selected industries, 1979-1980

<u>Industry</u>	<u>Percentage growth</u>
Food	10
Textiles	10
Mining	10
Paints	15
Metallurgy	4

Table 2

Projected growth in selected industries, 1980-1981

<u>Industry</u>	<u>Percentage growth</u>
Electricity	14
Sugar	30
Cement	30
Vegetable oils	50
Mining	50
Rubber	30
Beverages	15
Metallurgy	88
Metal-mechanical	70
Glass	50

18. Underutilization of industrial capacity has been a chronic problem since independence and continues to be exacerbated by foreign exchange difficulties which inhibit the importation of raw materials and of adequate levels of spare parts and machinery (even though machinery constituted the single largest import item in 1980). Shortages of trained manpower is a serious bottle-neck, particularly repair and maintenance personnel and management. The university has embarked on an ambitious programme to train managers at all levels for state enterprises.

19. The estimated production as a percentage of rated capacity in selected industries in 1979 is shown in table 3.

Table 3

Estimated industrial capacity utilization, 1979

<u>Industry</u>	<u>Estimated capacity utilization</u> (percentage)
Agro-industries	between 25 and 65
Leather tanning	45
Footwear	33
Cotton goods, woven	60
Cotton goods, knitted	18
Synthetic woven goods	40
Garments	40
Jute bags	45
Paper	20
Salt	60

20. A number of economic policy measures are now in effect which aim to overcome, during the present decade, the fundamental development problems of illiteracy, unemployment, malnutrition, inadequate clothing and endemic diseases. To this end consumption, particularly of private consumer goods and petroleum products, is being restricted in order to provide resources for development.

B. Government finances

21. The strict expenditure controls and tax reforms of 1978-1979 resulted in the budgeted deficit on current account of meticaïs (MT) 2.2 billion (\$US 63 million) a/ turning into a small surplus of MT 162.8 million. The 1980 budget estimated revenue at MT 15 billion and expenditure at MT 17 billion; actual revenue was MT 14.7 billion and expenditure MT 13.7 billion, again yielding a small current account surplus of MT 1 billion (\$US 29 million). In 1981 a current deficit of MT 2.7 billion (\$US 77 million) is projected, with estimated revenues of MT 16 billion and expenditures of MT 18.7 billion.

22. The underexpenditure in 1980 reflects in part the difficulties experienced by some departments in fully implementing their budgets. It also reflects the continued policy of rationalization of State structures, which resulted in

a/ An exchange rate of \$US 1 = MT 35 has been used.

considerable savings in personnel expenditures. There was also some expansion in the scope of the parastatal sector, which reduced personnel costs in the State budget. For example, road, bridge and irrigation works have been transferred from the Ministry of Works to the parastatal sector, and while some 90 per cent of parastatal revenues come from the State budget, that budget pays on the basis of output achieved, not costs incurred; this system is estimated to have yielded savings of some 10 per cent.

23. The 1981 current expenditure projection is 10 per cent higher than in the 1980 budget. A large proportion of the budgeted increase is in respect of the social sectors (education and health), and much of the remainder is to meet the costs of additional high-level State structures for economic management and for the strengthening of district and city administrations.

24. In 1980 the national investment programme was MT 20.01 billion, of which MT 15.29 billion was in the State budget and MT 4.72 billion was in the parastatal sector. In the State sector some MT 12 billion or almost 80 per cent of this investment programme was achieved, compared to about 60 per cent in 1978 and 1979. No actual figures are yet available for the parastatal sector. The 1981 national investment programme is up by 43 per cent compared to 1980 budget, to MT 28.68 billion (\$US 819 million) of which MT 23.25 billion is in the State budget and MT 5.43 billion is for the parastatal sector.

Table 4

Sectoral allocation of current and investment expenditures, 1981

(Millions of meticals)

<u>Sector</u>	<u>Current expenditures</u>	<u>Investment expenditures</u>	<u>Total</u>
Economic	4 491	23 626	28 117
Social	5 433	720	6 153
Other (including defence, public debt, and reserves)	8 743 <u>a/</u>	4 337	13 080
Total	<u>18 667</u>	<u>28 683</u>	<u>47 350 <u>b/</u></u>

a/ Of this, defence expenditures are budgeted at MT 5,588 million.

b/ \$US 1,353 million.

25. Of the 1981 investment programme, 81 per cent is to be financed by the State budget (up from 75 per cent in the 1980 budget) and 19 per cent is to be financed by banks and internally-generated funds in the parastatal sector (down from 25 per cent in 1980). The breakdown is given in table 5.

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Table 5

National investment programme, 1981
 (Millions of meticaïs)

<u>Sector</u>	<u>State budget</u>	<u>Bank and parastatal financing</u>	<u>Total</u>
<u>Economic sectors</u>			
Agriculture	4 364	144	4 508
Accelerated development of Limpopo/Incomati region	2 046	-	2 046
Fisheries	-	601	601
Industry and energy	6 128	428	6 556
Coal and hydrocarbons	772	-	772
Posts, telecommunications and civil aviation	1 030	3 638	385
Ports and surface transport			-
Public works and housing	3 374	-	3 374
Internal trade	587	125	712
Others	127	262	389
Subtotal	<u>18 428</u>	<u>5 198</u>	<u>23 626</u>
<u>Social sectors</u>			
Education	407	-	407
Health	313	-	313
Subtotal	<u>720</u>	<u>-</u>	<u>720</u>
<u>All other</u> (including budgetary reserve and working capital fund for parastatal sector)	4 101	236	4 337
Total	<u>23 249</u>	<u>5 434</u>	<u>28 683</u>

26. The input of external resources, by sector and source, in support of the State investment programme in 1981 is shown in table 6. It can be seen that external resources are expected to contribute 19.04 per cent of the State investment budget. This is down from the 1980 figure of 22.75 per cent. There is an urgent need for additional international assistance if the 1981 investment programme is to be achieved.

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Table 6

Contribution of external resources to State investment programme, 1981

(Thousands of meticaís)

<u>Sector</u>	<u>State investment budget</u>	<u>Approximate amount expected from foreign sources</u>	<u>Percentage expected from foreign sources</u>	<u>Foreign sources (percentage expected from each in brackets)</u>
<u>Economic sectors</u>				
Agriculture	4 363 740	806 419	18.48	ADB and SIDA (9.32); MONAP <u>a/</u> (8); UNDP (1.16)
Development Limpopo/ Incomati	2 046 345	337 033	16.47	USSR (6.03); Bulgaria (5.46); Italy (4.98)
Industry and energy	6 127 888	2 173 562	35.47	France, Italy and Sweden (30.87); United Kingdom (2.54); EEC (2.06)
Coal and hydrocarbons	772 256	16 604	2.15	SIDA (2.15)
Transport and communications	1 030 000	68 701	6.67	Netherlands (2.91); Norway (2.21); Sweden (1.55)
Public works and housing	3 374 000	491 592	14.57	ADB (10.55); Netherlands (3.58); UNICEF (0.44)
Internal trade	586 518	330 913	56.42	ADB (40.91); FAO (11.42); MONAP (4.09)
Others	127 000	-	-	-
<u>Social sectors</u>				
Education	407 000	121 774	29.92	USSR (6.85); SIDA (3.78); others (19.29)
Health	313 000	78 344	25.03	UNDP (11.54); Terre des Hommes (7.98); Netherlands (5.51)
<u>All other</u>	<u>4 100 953</u>	<u>1 640</u>	<u>0.04</u>	<u>Netherlands (0.04).</u>
<u>Total</u>	<u>23 248 700</u>	<u>4 426 582 <u>b/</u></u>	<u>19.04</u>	

a/ Mozambique Nordic Agricultural Programme.

b/ \$US 126.5 million.

C. Balance of payments

27. Mozambique continues to face a serious balance-of-payments situation. Table 7 shows the situation for the period 1976-1981.

Table 7

Balance of payments
 (Millions of meticaís)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> (estimate)
<u>Visible trade</u>						
Imports	13 068	16 335	16 000	18 500	23 200	25 200
Exports	<u>4 851</u>	<u>4 950</u>	<u>5 340</u>	<u>8 300</u>	<u>11 817</u>	<u>13 800</u>
Deficit	8 217	11 385	10 660	10 200	11 383	11 400
<u>Invisibles</u>						
Payments	3 168	2 970	2 500	2 370	3 060	4 000
Receipts	<u>8 019</u>	<u>6 600</u>	<u>6 540</u>	<u>6 600</u>	<u>7 830</u>	<u>8 700</u>
Surplus	4 851	3 630	4 040	4 230	4 770	4 700
<u>Current balance</u>	<u>-3 366</u>	<u>-7 755</u>	<u>-6 620</u>	<u>-5 970</u>	<u>-6 613</u>	<u>-6 700</u>
<u>Capital account</u>						
(net deficit)	1 715	1 650	625	900	-	-
Over-all balance	-5 081	-9 405	-7 245	-6 870	-6 613	-6 700

28. During the period 1976-1978, the external deficit was largely covered by running down accumulated reserves (principally gold). In 1979-1980, however, it was covered by increases in external indebtedness and other forms of external support.

29. The Government of Mozambique does not publish comprehensive balance-of-payments estimates. The information in table 7 is assembled on a modified settlements basis in which external financial assistance is included in invisible receipts, and international assistance in kind, particularly food donations, is included in imports at their values for import licence purposes. This procedure means that, in the absence of capital account estimates, the effects of a trade deficit on the over-all balance are estimated. It is not possible to assess the extent to which this method of estimating the balance-of-payments position overstates the actual over-all deficit. But given the amount of food aid in Mozambique, the results could be significant.

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30. The two largest import items are equipment (mechanical, electrical and transport) and petroleum, which together account for almost half the total. The large volume of equipment imports reflects the policies of strengthening the industrial infrastructure through equipment rehabilitation and renewal, and of eliminating bottle-necks in the road transport system. The droughts and floods in the years preceding 1980 have also necessitated unusually high food imports.

31. Some 40 per cent of the value of exports in 1980 was accounted for by four major export products: prawns (MT 1,111 million, or 9.4 per cent of the total), sugar and molasses (MT 1,628 million, or 13.8 per cent), tea (MT 1,138 million, or 9.6 per cent) and cotton (MT 728 million, or 6.2 per cent).

32. In 1981 there is expected to be a small increase in both exports and imports with the resulting trade deficit unchanged from the previous year. Somewhat larger increases in both invisible outflows and inflows are expected to result in an unchanged invisible surplus. The over-all current deficit is therefore expected to remain at the 1980 level, at about MT 6.7 billion (\$US 191 million).

33. The external public debt of Mozambique at the end of 1980 was MT 15 680 million (\$US 445 million). Some of the principal items for which this debt was incurred are the first phase of the Central-North high tension power line costing some MT 5,400 million, and mineral resource surveys including aeromagnetic and spectrometric surveys, photogeological surveys and mineral prospecting at a cost of about \$US 16.8 million.

IV. SPECIAL FEATURES OF THE SITUATION IN MOZAMBIQUE

A. Food

Food situation in 1980-1981

34. Prolonged drought in 1978/79, lack of essential agricultural inputs, and destruction caused by the forces of the illegal régime in Southern Rhodesia prior to April 1980 caused large losses in agricultural production. The resulting serious food deficit was not covered by food donations, necessitating significant commercial imports of food.

35. In the provinces of Maputo, Gaza and Inhambane, and in parts of Sofala, Manica and Tete, lakes, rivers and wells dried up in 1978/79 and remained dry for most of 1980. Boreholes were the only certain source of water. However, a large number of boreholes were inoperative due to worn-out equipment and a lack of spare parts. The population of the six affected provinces is about 6 million or about half the population of the country. It is estimated that the most seriously affected inhabitants in these areas number almost 1.6 million, as shown in the following table (table 8).

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Table 8

Population affected by drought

<u>Province</u>	<u>Number of persons</u>
Maputo	213 000
Gaza	385 000
Inhambane	291 000
Sofala	240 000
Manica	93 000
Tete	360 000
Total	<u>1 582 000</u>

36. About 50 per cent of the agricultural production was lost in these provinces in 1979/80. The loss of cattle was also serious due to the drying up of pastures and the spread of disease.

37. Although normal rains in late 1980 and the first half of 1981 provided some relief, Mozambique had to rely heavily on commercial imports and donations of food to meet its food requirements. The following table (table 9) shows the situation in 1980 regarding the donations of three food items - wheat, maize and rice.

Table 9
Food donations: 1980
(Tonnes)

Donor	Wheat	Maize	Rice
Canada	4 500	-	-
Democratic People's Republic of Korea	3 000 <u>a/</u>	-	-
Denmark	7 618	-	-
France	1 231	-	-
India	-	-	1 000
Italy	9 640 <u>a/</u>	-	-
Japan	-	-	10 104
Netherlands	-	7 000 <u>a/</u>	-
Spain	2 000 <u>a/</u>	-	-
Sweden	20 000	-	-
United Kingdom of Great Britain and Northern Ireland	13 970	-	-
United States of America	57 000 <u>a/</u>	-	-
Yugoslavia	9 000	10 000	-
European Economic Community	9 606 <u>a/</u>	-	-
World Food Programme	-	5 362	-
Caritas Mozambique	-	300	-
Christian Council, Mozambique	-	639	100
Lutheran World Federation	-	80	1 000
Red Cross (Federal Republic of Germany)	-	3 000	-
Total	<u>137 565</u>	<u>26 381</u>	<u>12 204</u>

a/ Received in 1981.

Food requirements: 1981-1982

38. Although, as stated earlier, normal rains in the latter part of 1980 and the first half of 1981 provided some relief, food import requirements remain high. The following table (table 10) shows the Government's estimate of food aid requirements of maize, wheat and rice at the time of the mission's visit. The total requirement is about 215,000 tonnes.

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Table 10

External requirements of major cereals - 1 May 1981 to 30 April 1982

(Tonnes)

Cereal	Net import requirement <u>a/</u>	Commercial purchases <u>b/</u>	Donations <u>b/</u>	Remaining deficit
Wheat	131 200	33 000	2 700	95 500
Maize	165 000	84 260	29 000	51 740
Rice	79 900	12 000	100	67 800
Total	<u>376 100</u>	<u>129 260</u>	<u>31 800</u>	<u>215 040 <u>c/</u></u>

a/ After allowing for food aid already received, for consumption after 1 May 1981.

b/ Scheduled arrivals after 1 May 1981.

c/ Includes provision for emergency reserves of 50,000 tonnes of maize, 25,000 tonnes of wheat and 22,500 tonnes of rice.

B. Other relief requirements

39. Despite normal rains during the 1980/81 season, the effects of the preceding severe drought have not been eliminated. The lack of food and water has more seriously affected the vulnerable groups - children and lactating mothers. Among children there is general malnutrition, anaemia, dehydration, skin and eye infections, higher neonatal and infant mortality and retarded physical and mental development. As regards women, premature and still births and miscarriages have sharply increased.

40. The Government took a number of steps in 1980 to alleviate the suffering of the affected population and launched an appeal to the international community in August 1980 for food, medicines and equipment.

41. The Government carried out an assessment of the population's nutrition needs and undertook the most urgent repair of installed equipment at boreholes and wells. However, scarcity of spare parts and lack of foreign exchange for the import of these items imposed a severe constraint on its efforts. The particulars and quantities of the urgent remaining needs can be obtained directly from the National Commission for Natural Disasters, Maputo.

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V. NEEDS FOR REHABILITATION AND RECONSTRUCTION

A. Transport

42. With the resumption of traffic with Zimbabwe, Mozambique's surface transportation system has come under increasing pressure. There has been a lack of adequate maintenance and investment since the early 1970s, and there is a shortage of technical and managerial personnel in the ports and railways. In addition to its traditional role as the major external trade route for Zimbabwe, Mozambique's transport system is of major importance to the external trade flows of Zambia, Malawi, Swaziland and Botswana. The rehabilitation of Mozambique's transportation system is therefore of the utmost importance to the region, and considerable international assistance is needed.

43. The Transport and Communications Commission of the Southern Africa Development Co-ordination Conference (SADCC) b/ is located in Maputo, and is the first of the SADCC commissions to have become fully operational.

1. Railways

44. Mozambique Railways (Companhia Ferroviaria de Mocambique - CFM) operates three principal systems: southern, central and northern. The lines do not connect with each other directly (there is no north-south line), but the southern line connects with the central line through Zimbabwe, and the northern line connects with the central line through Malawi.

(a) The southern system, CFM(s), consists of:

- Maputo-Goba (74 km.) connecting to Swaziland Railways;
- Maputo-R. Garcia (88 km.) connecting to South Africa Railways;
- Maputo-Chicualacuala (534 km.), also known as the Limpopo Railway, connecting to Zimbabwe Railways.

(b) The central system, CFM(c), consists of:

- Beira-Machipanda (317 km.) connecting to Zimbabwe Railways;
- Dona Anna-Moatize (254 km.) connecting to Mozambique's coal deposits;
- Dondo-Vila Nova (335 km.) connecting to Malawi.

b/ Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

(c) In addition, there are two branch lines:

- Inhamitanga-Mannomeu (88 km.);
- Quelimane-Mocuba (145 km.).

45. The northern system consists of a mainline from Nacala to Lichinga (500 km.), with a branch line from Cuamba connecting to Malawi.

46. Recent traffic on the three railway systems is shown in table 11.

Table 11

Rail traffic

(Thousands of tonnes)

	<u>1979</u>	<u>1980</u>	<u>1981</u> (<u>January-April</u>)
<u>Southern system</u>			
National	806.1	1 173.0	286.9
International	<u>5 571.1</u>	<u>4 943.8</u>	<u>1 296.5</u>
Total	<u>6 377.2</u>	<u>6 116.8</u>	<u>1 583.4</u>
Tonne km. (millions)	470.9	495.8	188.3
<u>Central system</u>			
National	720.0	979.1	319.7
International	<u>589.5</u>	<u>591.5</u>	<u>150.2</u>
Total	<u>1 309.5</u>	<u>1 570.6</u>	<u>469.9</u>
Tonne km. (millions)	329.3	293.4	132.6
<u>Northern system</u>			
National	202.1	201.8	57.8
International	<u>241.4</u>	<u>220.2</u>	<u>88.2</u>
Total	<u>443.5</u>	<u>422.0</u>	<u>146.0</u>
Tonne km. (millions)	178.2	177.4	65.7

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47. An immediate problem facing Mozambique Railways is to co-ordinate with Zimbabwe to move much of the large current Zimbabwe maize surplus. Of this, Mozambique is planning to import some 105,000 tonnes and another 12,000 tonnes has been ordered by the United Republic of Tanzania and Kenya; there are prospects for very large additional movements if the route through Mozambique is able to handle the traffic. Most of the immediate difficulties in moving this maize (and, indeed, Zimbabwe's steel and ferrochrome exports, some of which are at present being stockpiled) lie within Zimbabwe, in particular with the serious shortage of motive power on Zimbabwe Railways (ZR). While Mozambique is also short of motive power, the problem in Zimbabwe is much greater and a temporary arrangement has therefore been made whereby nine locomotives have been leased by ZR from CFM.

48. As a result of the inability of Zimbabwe Railways to move adequate amounts of maize exports destined to Mozambique over the southern line to Maputo, some shipments are coming to Beira to be shipped by coastal steamer to Maputo since most of Mozambique's maize shortage is in the south. Mozambique is therefore incurring large additional internal transport costs.

49. At present Zimbabwe maize exports to Beira, destined both for Maputo and for the United Republic of Tanzania and Kenya, are sent by truck across the Mozambique border to Vila Manica where they are offloaded and transferred to CFM rail wagons. These arrangements add to the difficulties and make additional equipment demands for shunting of rail wagons.

50. The most urgent assistance needs of Mozambique Railways are in respect of technical personnel and management support, and a contract has recently been signed for 37 such personnel from India, funded by Kuwait. Also, Sweden is providing eight advisers on the commercial aspects of the central system. There is also a great need to rehabilitate many sections of track and much of the rolling stock and other equipment. Some funding has already been obtained for these purposes and additional amounts are under discussion.

2. Ports

51. Port traffic was fairly constant during 1979-1980, at 10-11 million tonnes per annum. Total port traffic in 1973 was 17.9 million tonnes. It had fallen to 10.4 million tonnes by 1977 and has remained at approximately that level since then (see table 12).

52. Traffic was down somewhat in the first quarter of 1981. However, as of mid-1981 the ports were clear and able to handle increased volumes of traffic. The main constraints at present relate to moving traffic to the ports, not in the operation of ports themselves.

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Table 12

Port traffic
 (Thousands of tonnes)

		<u>1979</u>	<u>1980</u>	<u>1981</u> (first quarter)
Maputo	Loading	2 657	2 544	542
	Offloading	1 373	1 519	422
	Subtotal	<u>4 030</u>	<u>4 063</u>	<u>964</u>
Matola <u>a/</u>	Loading	2 550	1 834	306
	Offloading	1 557	1 706	342
	Subtotal	<u>4 107</u>	<u>3 540</u>	<u>648</u>
Beira	Loading	721	700	128
	Offloading	1 001	820	205
	Subtotal	<u>1 722</u>	<u>1 520</u>	<u>333</u>
Nacala	Loading	322	330	74
	Offloading	462	422	85
	Subtotal	<u>784</u>	<u>752</u>	<u>159</u>
Other ports	Loading	117	132	24
	Offloading	93	115	23
	Subtotal	<u>210</u>	<u>247</u>	<u>47</u>
Total traffic		<u>10 853</u>	<u>10 122</u>	<u>2 151</u>

a/ A bulk terminal close to Maputo.

53. Container traffic has been rising rapidly at all ports, as can be seen from table 13 below.

54. This rising trend in container transport requires additional investments, the most urgent of which are in port facilities (especially at Nacala and Maputo, and more flat-bed wagons for Mozambique Railways. At present drop-sided wagons are being used for containers, causing inefficiency and damage. The Government is anxious to discuss with potential donors an integrated project to strengthen the container facility at Nacala port and the carrying capacity of the northern railway line to Malawi.

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Table 13

Container traffic (standard 20-foot container equivalent units)

	<u>1979</u>	<u>1980</u>	<u>1981</u> (first quarter)
<u>Maputo port</u>			
Loaded	845	2 626	1 077
Empties	<u>415</u>	<u>1 048</u>	<u>235</u>
Total	1 260	3 674	1 312
<u>Beira port</u>			
Loaded	718	1 832	855
Empties	-	<u>1 078</u>	<u>829</u>
Total	718	2 910	1 684
<u>Nacala port</u>			
Loaded	6 417	8 709	2 725
Empties	<u>265</u>	<u>1 021</u>	<u>429</u>
Total	6 682	9 730	3 154
<u>All ports</u>			
Loaded	7 980	13 167	4 657
Empties	<u>680</u>	<u>3 147</u>	<u>1 493</u>
Total	8 660	16 314	6 150

55. A feasibility study is now under way on the possibility of greatly increased dredging of Beira harbour, to permit the entry of vessels of up to 60,000 dwt. At present the port is limited to ships of 25,000 dwt. The outcome of this study, if positive, would have very great implications for the future of Beira as a major port for national and international traffic.

3. Transport and Communications Commission

56. Within SADCC, Mozambique has been given responsibility for transport and communications. With the support of the Nordic countries, the Transport and Communications Commission is already operational in Maputo, with responsibility for planning regional transportation and communications projects and for the co-ordination of activities in these sectors in order to maximize the efficiency of the regional systems.

57. The early operational contacts among SADCC members and the international donor community have been most positive and have led to a clearer appreciation of the economies that can be achieved in the transport and communications sectors when these are viewed in a regional context.

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58. In so far as they directly concern Mozambique, discussions are under way with potential donors for most of the railway and port projects at present falling within the SADCC programme. The principal, and very critical, exception is the rehabilitation of the northern railway line from Nacala. This is an essential project if Nacala port is to meet its great potential to serve the region.

4. Reconstruction requirements

59. While there has been some progress in implementing the reconstruction projects listed in the previous report of the Secretary-General (see para. 87 below), there are at present a number of reconstruction projects in the transportation and communications sectors which required international assistance.

(a) Rehabilitation of the Machava-Phuzumova (Swaziland) railway line (estimated cost: \$US 30 million)

60. This line is vital for Swaziland's exports and for the shipment of lime to the Matola cement factory near Maputo. Traffic was 0.8 million tonnes in 1980, and is expected to rise to 2.8 million tonnes in 1990. The purpose of this project is to upgrade the railway line in order to permit traffic with axle loads of up to 20 tonnes. A total of 102 km. of track needs to be upgraded, of which 22 km. is in Mozambique.

(b) Rehabilitation of the Almada-Machipanda section of the Beira-Machipanda railway line (estimated cost: \$US 30 million)

61. This project involves upgrading the Almada-Machipanda section of the line in order to bring its traffic capacity up to the level of the rest of the Beira-Salisbury line, of which it is a part. The project includes replacing 30 kg./metre rails with 40 kg./metre rails, renewing sleepers and adding more ballast, as well as realigning some parts of the line so as to reduce gradients and eliminate sharp curves. Such rehabilitation on this section would enable the line to carry up to 2 million tonnes per year.

(c) Rehabilitation of 67 km. of the railway line from Beira to Malawi (estimated cost: \$US 25 million)

62. This project involves rehabilitating 27 km. of track between Beira and Dondo and also adding a second track, and rehabilitating the last 40 km. of track up to the Malawi frontier.

(d) Rehabilitation of railway line from Nacala to Malawi (estimated cost: \$US 200 million)

63. This railway line is in extremely poor condition; there are frequent derailments in spite of a 15 km./hour speed restriction on many sections. The line carries not only domestic traffic but also Malawian and Zambian imports and exports. Traffic in 1980 was 400,000 tonnes, and this is expected to rise to 600,000 tonnes by 1990.

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64. The purpose of the project is to completely renovate the line by replacing the rails, laying concrete sleepers, adding ballast and realigning certain sections. The project would involve setting up a concrete sleeper factory, a track-welding workshop and a stone quarry.

65. The project would be financially feasible only if long-term soft financing is secured.

(e) Feasibility study for the electrification of the southern railway system (estimated cost: \$US 700,000)

66. The study will involve: analysis of present and prospective traffic; preliminary technical plan with cost estimates; cost-benefit analysis; and proposing an implementation programme.

(f) Raising the capacity of Maputo port (estimated cost: \$US 143 million)

67. This project has the following components: deepening the access channels to Maputo and Matola ports (estimated cost: \$US 68 million); construction of a coal bulk terminal at Matola (estimated cost: \$US 65 million); and additional equipment for Maputo container terminal (estimated cost: \$US 10 million).

(g) Raising the capacity of Beira port (estimated cost: \$US 158 million)

68. At present access to Beira port is limited to vessels of up to 25,000 dwt. The purpose of this project is to deepen the access channels and to construct two deep-water quays, to permit ships of up to 60,000 dwt. to use the port. The implementation of this project will be critical to the long-term future of Beira as a major port.

69. The deepening of channels is expected to cost \$87 million and the construction of the quays, \$66 million; in addition, navigational aids costing some \$3 million will be needed. A feasibility study on deepening the access channels is already under way with assistance from the Netherlands.

(h) Container terminal at Nacala port (estimated cost: \$US 35 million)

70. Container traffic at Nacala is rising rapidly, reaching 1,050 twenty-foot equivalent units per month in the first quarter of 1981 and estimated to increase to 2,000 units by the end of 1982. At present container traffic is being handled by conventional equipment.

71. The purpose of the project is to build a 400-metre container quay with appropriate handling equipment.

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(i) Rehabilitation and improvement of the Milange-Mocuba road (estimated cost: \$US 40 million)

72. In 1979 the average daily freight traffic on this main road to Malawi was 30 trucks. This is expected to increase to 100 trucks per day in 1983.

73. This project consists of upgrading the road to year-round gravel standard. Project specifications are under preparation with the assistance of Bulgaria.

(j) Rehabilitation of the Matundo-Chiuta section of the Tete-Cassacatiza road (estimated cost: \$US 5 million)

74. The road surface between Matundo and Chiuta has been badly damaged by heavy vehicle traffic and needs to be repaired. Project specifications have been prepared with the assistance of Australia.

(k) Rehabilitation of the Zimbabwe-Tete-Malawi road (estimated cost: \$US 16 million)

75. This road is the principal highway in Tete province, and also carries traffic to Zimbabwe and Malawi. In addition, it serves as the road link between Zimbabwe and Malawi. Sections of the road and the bridge over the Zambezi are in bad condition, and this important artery needs to be rehabilitated up to an adequate standard.

(l) Rehabilitation of the Machipanda-Chimoio-Beira road (estimated cost: \$US 18 million)

76. The main road between Zimbabwe and Beira is in poor condition and needs both repair and strengthening in order to bring it back to a reasonable standard. Traffic is greatest on the Chimoio-Beira section, but Machipanda-Chimoio is likely to see increasing traffic in the future.

(m) Rehabilitation of the Maputo to Swaziland road (estimated cost: \$US 7 million)

77. This important road has been badly damaged and needs rehabilitation. Freight traffic is very heavy close to Maputo (up to Matola), and fairly heavy further out to Boane and to the border at Namaacha.

(n) Road to the United Republic of Tanzania border at Unidade bridge (estimated cost: \$US 30 million)

78. The purpose of this project is to provide a reasonable road link to the United Republic of Tanzania and involves realigning and reconstructing 171 km. of road between Mueda and Negomane.

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(o) Survey of new southern road between Mozambique and southern Zimbabwe
(estimated cost: \$US 150,000)

79. This project comprises a survey for a road between southern Mozambique and southern Zimbabwe, passing through a number of game reserves. The road would also be intended to promote tourism to these reserves.

5. Airports

80. As discussed in the previous review mission report (A/35/297-S/14007, sect. V), the runway lighting system at Beira airport has to be renewed. In addition, the lighting system at Maputo airport needs improvement in order fully to meet international standards. Engineering studies are already under way, and the total cost for the two airports is estimated to be \$US 5 million. Navigational aid systems are also required at certain other airports to replace and upgrade present systems. The requirements are: two ILS at Maputo and Beira; one VOR at Maputo; two VOR at Cuamba and Lichinga; and one DME at Cuamba.

81. Including training, the cost of these systems is estimated at \$US 3 million.

B. Telecommunications

82. While some progress has been made in strengthening the telecommunications sector, many needs remain. A standard B earth station is being installed at Beira, with assistance from Kuwait of some \$US 2.5 million. Renovation of the land lines between Beira and Imtali, which will double the present 30 channels, is also being undertaken with the support of Kuwait, amounting to some \$US 1.6 million. The Government is also installing new ship-to-shore communications facilities at Maputo, Beira and Nacala.

83. A feasibility study of a national microwave system, with connexions to neighbouring countries, is under way. Such a system would replace the present obsolete troposcatter network. The cost of the complete system is estimated to be \$US 65 million.

84. In the shorter term, there is a need to improve communications between Nacala and Malawi, in support of the port-railway system for which large new investments are planned. In this connexion it is useful to consider the necessary port, railway and telecommunications investments as a single project with several interdependent components.

85. At present there are only two telex lines between Maputo and Beira, and one direct telephone line via South Africa. Therefore, in the short term, there is a need to improve telecommunications between Maputo and Ruratanga, thus permitting Maputo-Beira communications to be routed via Ruratanga-Bulawayo-Salisbury-Umtali.

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VI. PROGRESS IN IMPLEMENTING SPECIAL ECONOMIC
ASSISTANCE PROGRAMMES

A. International assistance to Mozambique in 1980

86. Table 14, provided by the Government of Mozambique, gives the details of selected food and project assistance received by Mozambique in 1980.

Table 14

Approximate value of selected food and project assistance
received by Mozambique in 1980

<u>Source</u>	<u>Type of assistance</u>	<u>Value (Millions of meticaís)</u>
1. <u>Sweden</u>	<u>Studies and consultancies</u>	
	National transport study	4.2
	Urban transport study	19.6
	Coastal shipping	9.1
	High-tension line	54.6
	Cahora Bassa study	6.3
	Civil aviation	18.9
	Airport lighting	14.0
	Coal study I	15.4
	Manica construction project	8.4
	Paper	3.5
	Paper and pulp study	11.2
	Telecommunications	14.0

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Source	Type of assistance	Value (Millions of meticaís)
	<u>Support for imports</u>	
	Airport lighting	28.0
	Coal mining equipment	4.2
	Paper II	70.0
	Wheat (delivered cost)	70.0
	Textiles, footwear, geology, fisheries, telecommunications equipment, health equipment, road equipment, etc.	259.7
	Others	98.7
	<u>Education sector</u>	70.0
	<u>Fund for personnel</u>	70.0
	<u>Wood Industry</u>	17.5
	Subtotal	<u>867.3</u>
2. <u>Norway</u>	<u>Power development</u>	
	Hydro-power study	30.0
	Institutional co-operation	3.0
	Follow-up procurement of diesel generators and equipment	18.0
	Equipment for power development	19.2
	<u>Roads</u>	
	Follow-up procurement of road construction equipment	12.0
	Road transport study	12.0
	Rural road maintenance, pilot project	15.0
	<u>Fund for technical assistance</u>	12.0
	<u>Women's training centre</u>	3.0

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Source	Type of assistance	Value (Millions of meticaís)
	<u>Commodity assistance</u>	
	Workshop equipment, vocational schools	3.0
	Paper, educational purposes	43.8
	<u>Technical assistance</u>	
	Experts	4.2
	Consultancy services	<u>6.0</u>
	Subtotal	<u>181.2</u>
3. <u>Nordic countries</u>		
	MONAP <u>a/</u>	Subtotal <u>296.0</u>
4. <u>Netherlands</u>	<u>Loans</u>	
	<u>Ministry of Public Works</u>	
	Water	13.4
	Maputo drainage	100.1
	Road construction	33.5
	Sewerage	26.8
	<u>Ministry of Ports and Surface Transport</u>	
	Dredger Rovuma	67.0
	<u>Ministry of Agriculture</u>	
	Storehouses	13.4
	<u>State fisheries</u>	
	Cold storage	31.6
	<u>Ministry of Industry and Energy</u>	
	Electricity equipment	26.8
	Service agreement	<u>26.8</u>
	Subtotal	<u>339.4 b/</u>

a/ MONAP is the Mozambique Nordic Agricultural Programme, funded by the five Nordic countries approximately on the basis: Denmark 23 per cent, Finland 16 per cent, Iceland 1 per cent, Norway 16 per cent and Sweden 44 per cent.

b/ MT 343 million also remains uncommitted against loan agreements established in the period 1975-1979.

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Source	Type of assistance	Value (Millions of meticaïs)
	<u>Grants</u>	
	For repair of bridges	80.4
	For primary health care project	80.4
	Previous years' balance for health	
	National Soil Institute and School of Topography	81.6
	Subtotal	<u>242.4</u>
5. <u>NOVIB c/</u>	Contribution in kind	Subtotal 0.9
6. <u>ICCO d/</u>	Development of water resources	1.3
	Zimpeto schools project	0.7
	Support for nourishment project	1.8
	Subtotal	<u>3.8</u>
7. <u>CUSO e/</u>	Contribution in 1980 for Niassa programme	Subtotal 5.2
8. <u>OXFAM:</u> Canada/ Australia/ Belgium	For two communal villages (Lussanhando and Oua): 6 pumps with spares, 6 motors, piping, 2 crushing mills, 1 Landrover with spares, camping equipment	n/a
	For three communal villages (Lipuzia, Chicuedo, M'sawize): 6 pumps with spares and 6 motors	n/a
	For three villages (Aldeias A, Aldeias B and Unango): Working tools and seeds	n/a
	For Unango: 2 Landrovers	n/a
9. <u>Lutheran</u> <u>World</u> <u>Federation</u>	Food aid for disaster relief, seeds, blankets, motorized pumps and agricultural implements	n/a
	Seeds, 3 grinders, 200 buckets and 600 blankets	0.9
	GRAND TOTAL	<u>1 937.1 f/</u>

c/ Netherlands Organization for International Development Co-operation.

d/ Interchurch Co-ordination Committee for Development Projects.

e/ Canadian University Service Overseas.

f/ \$US 55.3 million.

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B. Progress on projects previously identified

87. The previous report of the Secretary-General (A/35/297-S/14007) drew attention to specific projects for which international assistance was needed. Progress in implementing these projects is as follows:

(a) The destroyed road bridge over the Changane river has been reconstructed by the Government.

(b) Repair and reconstruction of the Macarretane dam road bridge, the Macarretane rail bridge and the Mazin'Chopes rail bridge is under discussion with a potential donor.

(c) Contracts for the purchase of additional diesel-electric locomotives and additional wagons have been entered into. The cost is being met by the Government.

(d) The feasibility study on additional dredging of Beira port is under way with the support of the Netherlands.

(e) The improvement of the open-wire telecommunications link between Beira and Machipanda has been funded by Kuwait.

(f) A feasibility study is under way for a microwave link between Beira and Salisbury.

(g) The repair and reconstruction of the Mavuzi hydroelectric plant has begun, with Government funding.

(h) The question of a food security stock now falls within the SADCC food security system, for which responsibility has been assigned to Zimbabwe.

(i) The establishment of a coal bulk terminal at Matola, which would principally serve Swaziland and Zimbabwe, falls within the SADCC transportation programme (see para. 67 above).

(j) Funding for the Mocuba textile project has been completed with bilateral support.
