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**SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE:
SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE**

Assistance to Mozambique

Report of the Secretary-General

1. In its resolution 41/197 of 8 December 1986, the General Assembly requested the Secretary-General to continue his efforts to mobilize the necessary financial, technical and material assistance to Mozambique, to apprise the Economic and Social Council, at its second regular session of 1988, of the current status of the special programme of economic assistance for Mozambique, and to prepare, on the basis of consultations with the Government of Mozambique, a report on the development of the economic situation and the implementation of the special programme of economic assistance for that country in time for the matter to be considered by the General Assembly at its forty-third session.
2. The Secretary-General has consulted with the Government of Mozambique regarding the implementation of resolution 41/197. The Government has indicated that, while it is endeavouring to maintain its regular development programmes, much of its energy and resources have been taken up in the pursuit of its Emergency and Rehabilitation Programme (1987-1990), which combines short-term emergency relief with rehabilitation and development activities, with the support of the international community.
3. In view of the fact that a comprehensive report, recently prepared by the Government of Mozambique in collaboration with the United Nations, for a donor's Conference held in April 1988 at Maputo, covered both emergency and rehabilitation

* A/43/150.

needs, the Government has decided that there was no need for the Secretary-General to undertake another full report to the General Assembly on assistance to Mozambique, until such time as its Emergency and Rehabilitation Programme has been fully launched and funded.

4. In the meantime, the Secretary-General is submitting to the General Assembly the attached interim report on assistance to Mozambique, which has been prepared by the United Nations Resident Co-ordinator at Maputo in consultation with the Government of Mozambique.

ANNEX

Interim report on assistance to Mozambique

I. OVERVIEW

1. Social and economic conditions in Mozambique have been deteriorating since the early 1980s, particularly from 1982, when the country began to experience sabotage, terrorism and a major disruption of its social life as a result of externally supported acts of destabilisation. The impact that these conditions have had on the economy of the country, together with adverse climatic conditions in a number of regions, brought about a decline in agricultural production of over 50 per cent between 1981 and 1986.

2. In early 1987, Mozambique faced an emergency of extreme proportions. Following an urgent request from the President of Mozambique, the Secretary-General launched an appeal on 27 February 1987, urging the international community to provide immediate relief for displaced and affected people. Donors responded generously, pledging 624,000 tons of cereals as well as \$126.2 million for non-food items. The Government created the National Executive Committee on Emergency (CENE) as the single co-ordinating unit to manage emergency activities with support from the United Nations and the international community.

3. The internal conflict continues unabated. As a result, over 2.2 million Mozambicans are affected by severe food shortages, and an additional 1.1 million have been displaced from their homes.

4. Those constraints notwithstanding, the Government decided, also in 1987, to launch its three-year Emergency and Rehabilitation Programme with the support of the international community (see also paras. 19-22). In this regard, substantial support is being provided by the World Bank, the International Monetary Fund and the United Nations system within a structural adjustment process. Since the introduction of the Programme, there has been a positive change in the economy. Real GDP is estimated to have risen by 4 per cent in 1987 and rural and industrial production has grown by 10 per cent.

5. Given the special circumstances prevailing in the country, the Government recognizes that the proper response to the emergency situation in Mozambique requires a combination of emergency relief, rehabilitation and development assistance.

6. In April 1988, under the aegis of the United Nations, the Conference on Emergency Assistance to Mozambique took place at Maputo, and was attended by delegations from 37 countries and many intergovernmental and non-governmental organizations. The Conference raised approximately \$270 million against a target of \$330 million. As has been the pattern in the past, the bulk of these contributions was directed towards food aid and logistical requirements.

7. It is the hope of the Secretary-General that the international community will continue to maintain and increase its assistance to Mozambique so that all of the priority needs identified by the Government are adequately covered.

II. ECONOMY OF MOZAMBIQUE

8. The economy of Mozambique has undergone a sharp deterioration since the early 1980s, which is reflected by a decline of GDP (in real terms) of 10.6 per cent per annum in the period 1981 to 1986. This corresponds to a decrease of per capita income of 12.8 per cent a year. Thus, per capita income is estimated to have more than halved during the 1980s until 1986, and has been accompanied by worsening living conditions for the majority of the population (per capita GDP is estimated to be around \$100 in 1987). In real terms, private consumption declined by 14 per cent between 1981 and 1986, and public consumption by 24 per cent. Gross investment in 1985 was only 50 per cent of the 1981 level. Financial disequilibria are enormous. Difficulty in the balance of payments and increasing external indebtedness have caused the country's international reserves to vanish and have left the country completely dependent on debt rescheduling and external financing, given its limited export capability.

9. The rapid decline of the social and economic conditions of the country is partly attributable to structural problems inherited from the colonial period. The economy is still dominated by a pattern in which the large subsistence rural sector prevails. (Private consumption is estimated to amount to merely 40 per cent of GDP; agriculture absorbs 80 per cent of the economically active population.) The industrial sector is still weakly integrated with rural activities and relies almost exclusively on imported inputs.

10. The economy in general depends - to a great extent - on imports of raw material and equipment, as well as many basic consumption goods, and exports of services (transport with border countries, remittances from miners working in South Africa).

11. The literacy rate is still only 20 per cent (it was 7 per cent in 1975) and the precipitate departure of about 90 per cent of the Portuguese inhabitants at independence left a huge gap - at middle and higher levels - in management of both the public and private sectors.

12. Since 1982, the situation has become even more critical owing to external factors such as adverse climatic conditions in a few regions and the externally supported acts of destabilization that have resulted in virtually endemic conditions of warfare over large parts of the country, with huge social and economic consequences. Agricultural production declined by 50 per cent between 1981 and 1986; exports were reduced by 30 per cent in the same period. Transport declined by 43 per cent between 1980 and 1986. Urban unemployment (20 per cent in 1988) rose substantially as a consequence of the economic unrest and the continuing inflow of displaced persons. Presently, over 2.2 million Mozambicans are affected by severe shortages of food and other items essential to survival and an additional 1.1 million have been displaced from their homes.

III. EVOLUTION OF THE EMERGENCY SITUATION: RECENT DEVELOPMENTS

13. A combination of natural disasters have complicated the emergency situation during the past few months. Three river systems, the Limpopo (Gaza province), the Pungue-Buzi (Sofala province), and the Zambeze (Sofala and Zambezia provinces), have flooded, creating new affected, displaced and homeless persons. The tropical depression "Filao" battered Quelimane and Beira with strong winds and heavy rainfall, producing some damage. Action by the Government has minimized negative effects of these calamities.

14. Late and insufficient rainfall throughout much of the country portends below normal harvest. The threat posed by recent infestations of pests (grasshoppers, mealybugs) is still undetermined, but mealybugs could have a long-term, detrimental effect on cassava, undermining household food security in some provinces.

15. Violence and the threat of violence continued to disrupt relief efforts of the Government and donors (especially non-governmental organizations) in many areas. Lack of security and lack of means to organize military convoys hampered relief distributions from provincial capitals to districts.

16. Government forces retook Milange and several localities of Zambezia province as well as several areas north of Tete in the past months. Provincial governments have been carrying out their own assessments of zones newly liberated from bandits with respect to needs of affected displaced populations (whose number is yet undetermined). The massive return of Mozambicans in Malawi to newly freed zones is foreseen, a situation that will add to the country's major food shortage.

IV. MEASURES TAKEN

17. The Government's response can be seen in the decisions of the fourth Frelimo Party Congress (1983), the 1987-1990 Emergency and Rehabilitation Programme, and the emergency initiatives promoted by CENE. The Fifth Frelimo Party Congress is under preparation.

18. The fourth Frelimo Party Congress tried to help redress the situation by correcting some of the economic policies implemented in the late 1970s and early 1980s that had had negative results. Those policies had tended to emphasize the state sector and industrialization, but created distortions in economic management through rigidities in price determination, over-valuation of exchange rates, little attention to small-scale industries and farming, and lack of support to private entrepreneurship. The new policy guidelines from the fourth Congress provided new incentives to production and exports, such as reducing public budget deficits, supporting small-holder farms, encouraging the participation of the private sector in national economic development, and focusing on basic consumption goods industries.

19. The new policies have been further developed by the Emergency and Rehabilitation Programme launched by the Government for the period 1987 to 1990 with the support of the international community.

20. Since the introduction of the Programme, economic performance for 1986-1987 seems to suggest a reversal of the negative trend of previous years: real GDP is estimated to have risen by 4 per cent in 1987, marketed rural production and industrial production have grown by 10 per cent and private consumption by 6.4 per cent. However, these positive results have been attained at the costs of an increase in trade deficits, inflationary pressure and worsening conditions of the urban populations (suffering from the lowering of real salaries). Most industrial enterprises are still operating at particularly low productive capacity (20 to 40 per cent) and, owing to continuing insecurity, a concentration of population in urban centres persists.

21. Even if the targets of the Programme are attained, per capita income by 1990 will just be equivalent to the 1986 level (in real terms). The country will still require substantial support from bilateral and multilateral sources, which represents necessary conditions for economic recovery and long-term growth. Both technical co-operation and capital aid are required and the need for co-ordination is overwhelming.

22. Given the chronic country-wide destabilization by external forces, large displaced populations and constantly changing areas of natural and humanly-induced disasters, the Government recognizes that the proper response to the emergency in Mozambique requires combined emergency relief, rehabilitation and development efforts.

23. The 1988-1989 appeal launched by the Government in collaboration with the United Nations in March 1988 emphasizes the linkage of emergency relief and rehabilitation assistance in order to promote self-sufficiency and to curtail dependence on outside assistance as rapidly as possible. This strategy is manifested in attempts to develop local production and in the relatively modest and realistic appeal for food aid. Each of the Government's projects, from health posts and storage facilities to water systems and small-scale irrigation schemes, has combined the objectives of relieving the current emergency, redressing setbacks caused by the prolonged war of destabilization and laying foundations for future development.

24. The Conference on Emergency Assistance to Mozambique took place at Maputo on 26 and 27 April 1988. It constituted a highly successful event. The Conference heard interventions from about 50 delegates from among the 37 nations, 2 regional organizations, 10 United Nations bodies and 41 non-governmental organizations represented. Delegates' interventions covered the following aspects:

(a) Solidarity with Mozambique in the face of the emergency situation and strong condemnation of externally-supported destabilizing activities;

(b) Praise for the Government's realistic appeal for 1988-1989 and for the decision to combine relief with rehabilitation;

(c) Appreciation for the crucial role of non-governmental organizations;

(d) Comprehension of the need for flexibility in allocation of donations;

(e) Recognition of the urgency of ensuring protection to donated equipment and materials.

25. From the point of view of contributions, the Conference achieved considerable success. Approximately \$270 million was initially pledged, against the 1988 target of \$330 million. As was the case in 1987, the bulk of contribution was directed towards food aid and logistical requirements.

26. As at 15 June 1988, food-aid pledges recorded in metric tons were as follows:

	Needs (1 May 1988-30 April 1989)	Pledges Year 1988/89	Unmet needs
Cereals	710 000	501 158	208 842
Non-cereals	204 000	58 528	145 472
Total	914 000	559 686	354 314

Pledges carried over from the year 1987/88 amount to 105,477 tons, of which 103,577 tons of cereals and 1,900 tons of non-cereals.

27. The Government is currently negotiating sectoral allocation of pledges. Preliminary analysis indicates that pledges satisfactorily cover food aid, logistics, drinking water, and relief and survival sectors, while funding is insufficient for agriculture, health and education. As for emergency operations, several non-food sectors are still largely unmet (mainly agriculture, but also logistics, health and education) while contributions pledged to "other related" or as yet unallocated total \$122 million. The non-governmental organizations' fund, which counts on \$21 million already pledged, still remains unspecified and requires further involvement for its utilization.
