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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

THIRD COUNTRY PROGRAMME FOR MOZAMBIQUE

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. From February to April 1985, a joint review of the second country programme (1982-1986) was undertaken by UNDP and the Government under the chairmanship of the National Planning Commission Co-ordinating Unit in order to reorient UNDP assistance towards achieving a balance between the economic and social objectives and priorities adopted by the Fourth Congress (1984) of FRELIMO, which took place in 1984, and the actual critical socio-economic situation of Mozambique brought about, inter alia, by its geo-political status as a Frontline State.

2. The evaluation of the experience gained included weighing the key role played by UNDP in co-ordinating the United Nations system's response to the Emergency as a result of drought and other natural and man-made disasters which have resulted in creating a population of millions of displaced persons in the country.

3. Bearing this situation in mind, the Government has chosen certain priority sectors for UNDP assistance: support to the rural smallholders production, support to primary linked industry, human resources development and institution-building, assistance to improve the balance of payments and assistance to the social sectors. The Government also requested that an overall work programme for the next cycle be elaborated for each sector for which UNDP assistance was envisaged. Therefore, sectoral survey missions on water resources, agricultural research and mineral resources were undertaken in 1986 with the participation of relevant executing agencies: the United Nations Department of Technical Co-operation for Development (UNDTCD), Office for Projects Execution (OPE), the Food and Agriculture Organization of the United Nations (FAO), and some bilateral and multilateral

organizations, the African Development Bank (AfDB), and the World Bank. These sector mission findings and reports have served as the basis for Government-organized briefings of donors. It should also be noted that the programming exercise closely followed negotiations between the Government, the International Monetary Fund (IMF) and the World Bank whose objective is the preparation of a medium- and long-term programme for rehabilitation of the country's economy, including reform of its fiscal and monetary policy.

II. THE THIRD COUNTRY PROGRAMME

4. The work force is the most important resource of Mozambique, a country in which management and capital are still scarce. The country programme will therefore concentrate on labour-intensive activities such as small-scale agricultural and industrial undertakings. These activities are consonant with the Government objective of using local resources, prioritizing small projects and investing in rehabilitation and upgrading rather than in new undertakings. This implies finding new techniques which producers can apply without having to make major new investments and which are incremental in nature and thus maximize the use of the existing stock of knowledge.

5. The Government has designated certain regions as priority areas because of a number of factors: population size and density; agricultural potential (soil and water conditions) security situation, available infrastructure and history of producing a marketable surplus (local accumulation process). UNDP will concentrate its field activities in these areas.

6. Mozambique is embarking on an Economic Reform and Rehabilitation Programme which will necessitate a substantial strengthening of the country's capacity to plan and manage its resources well. While the rehabilitation portion of the programme will concentrate on financing inputs - both variable and fixed capital - to ensure the reconstruction of the country's physical infrastructure and industrial capacity, a major effort in the area of technical assistance will also have to be made if the additional inputs are to be put to optimal use.

7. As a basic principle, economic activities supported by UNDP-funded projects will have proven long-term viability. In addition the long-term operating costs of each project must not entail large foreign exchange expenditures since this will create additional burdens to the country's critical balance-of-payments situation, as well as seriously compromise the project's ability to function after external assistance ceases. Various modalities and levels of expertise will be considered in designing projects for the next programme, among them Government execution; use of low-cost technical assistance through less expensive agency expertise; United Nations Volunteers (UNV); non-governmental organizations (NGO); and technical co-operation among developing countries (TCDC). Wherever possible, UNDP assistance will be programmed in conjunction with other donor contributions to create a package of technical, financial and physical inputs which can respond to the actual demands.

III. MANAGEMENT OF THE COUNTRY PROGRAMME

8. The destabilizing policies of the Republic of South Africa, the security situation, the constant threat of natural disasters and a weak national economy which is vulnerable to changes in the international markets implies that the environment in which the projects function may be unstable. Consequently, only the first three years of the cycle are programmed, thus committing about 60 per cent of the IPF. Projects which are foreseen for implementation throughout the entire programme cycle are to be designed in phases of three years plus two years. An in-depth evaluation should take place at least six months before the first phase is completed to review the project's achievements and determine whether its continuation is justified or if a reorientation of activities is warranted.

9. The strategic location of Mozambique lends considerable importance to the regional dimension of the country programme, particularly in the transport and communications sector. In this connection it hosts the Southern African Development Co-ordination Conference's (SADCC) technical secretariat for this sector. The Government has requested UNDP to organize a National Technical Co-operation Assessment Programme (NTCAP) exercise, and the World Bank to organize a Consultative Group Meeting in 1987. The Resident Representative is the focal point for the co-ordination of the UNDP contribution to these activities.

10. Aid co-ordination related to both emergency as well as development activities is considered by the Government, the United Nations system, multilateral and bilateral donors and NGOs to be important and beneficial to all parties involved. The initiatives taken by the Resident Co-ordinator in strengthening the linkages between emergency and development operations have been well received and appreciated and support in this endeavor will be provided by the various participants. This has been achieved despite the fact that both the time and staff for co-ordination efforts were limited.

11. Finally, in view of the situation described above, the Government requests that approximately 40 per cent of the IPF be held in unprogrammed reserves to allow for contingency programming.

IV. RECOMMENDATION OF THE ADMINISTRATOR

12. In the light of the foregoing, the Administrator gives unqualified endorsement to this country programme and recommends its approval.

