

Table 6. Field Survey: Problems and Requirements of District Administration (Chiuta and Macanga) 2/3

Items	Main problems	Requirement	Remark
Chluta Administrative District			
Staff	» Unqualified staff	» Train existing staff in districts & posts	» Staff quality are quite low
	» No staff engineers	» Recruit new staff with good skills	» Staff unmotivated to work
Equipment	» No car for staff down-visiting	» Provide cars, motorcycles or bicycles	
	» No computers	» Provide computers	
	» Inadequate office furniture	» Provide new furniture	
Budget	» Budget barely enough for salaries	» Improve collection system of local taxes	
	» Shortage of money		
Community	» No formal education	» Advise local people to learn how to use their resources and make money	» Local communities are waiting for government to give them money and jobs
	» Lack of leadership	» Train community leaders in leadership skill	
	» No activities for women	» Promote community & associations development	
Macanga Administrative District			
Staff	» No qualified staff	» Train staff at districts & posts	
	» No engineers at all	» Recruit new staff with skills	
Equipment	» No car for staff down-visiting		» There are only old typewrites
	» No computers		
	» Not enough office furniture		
Budget	» Shortage of money	» Improve collection taxes system	» Needs money to improve rural roads, water supply, education and health
	» Barely enough for food expenses		
Community	» No formal education	» Train community leaders in leadership skill	» Local communities are waiting for the government to help them and give them money and jobs
	» Lack of leadership	» Advise local people how to make money	
	» No financial sources to communities	» Promote local associations	

Table 6. Field Survey: Problems and Requirements of District Administration (Moatize and Tsangano) 3/3

Items	Main problems	Requirement	Remark
Moatize Administrative District			
Staff	» Unqualified staff	» Train existing staff at districts & posts	» Staff quality are quite low
	» No staff engineers	» Recruit new staff with good skills	» Staff unmotivated to work
Equipment	» No car for staff down-visiting	» Provide computers	
	» No computers	» Provide cars or motorcycle or bicycles	
	» Inadequate office furniture	» Provide new furniture	
Budget	» Budget barely enough for salaries	» Improve collection system of local taxes	
	» Shortage of money		
Community	» No formal education	» Advise local people learn how to use their resources and make money	» Local communities are waiting for the government to give them money and jobs
	» Lack of leadership	» Train community leaders in leadership skill	
	» No activities for women		» Promote community & associations development
Tsangano Administrative District			
Staff	» No qualified staff	» Train staff in districts & posts	
	» No staff engineers	» Recruit new staff with skills	
Equipment	» No cars for staff down-visiting	» Provide at least one computer	» There are only old typewriters
	» No computers	» Provide at least two cars	» Inefficient work environment due to lack of necessary office equipment
	» No enough work space in office		
Budget	» Shortage of money	» Improve collection taxes system	» Needs money to improve rural roads
	» Barely enough for food expenses		» water supply, education and health
Community	» No formal education	» Train community leaders in leadership skill	» Local communities are waiting for the government to help them, to give them money and jobs
	» Lack of leadership	» Advise local people on how to make money	
	» No financial sources	» Promote local associations	

Source: JICA Study Team.

Table 7. Localities and Villages in the Angonia region (1/3)

Administrative post	Locality	Number of natural villages
Angonia District		
Ulongue District capital	Ulongue	16
	Chimuala	8
	Mangane	18
	Kalomue	4
	Monekera	4
	Namingona	5
	Dziwanga	5
Domue	Domue-Callo	22
	Seze	9
	Kamphessa	8
	Lilanga	6
	Ndaula	6
	Mkhane	5
	Chifumbe	7
	Mpandula	5
	Katondo	4
	Khombe	6
Sub-total	17	138
Population		247,999
Chifunde District		
Chifunde District capital	Tsacole	3
	Camuenge	5
Nsadzu	Chifunde	8
	Nsadzu	16
	Massclale	5
Mualadze	Ang'ombe	11
	Mualadze	8
	Bulimo	11
Sub-total	8	67
Population		48,498

Table 7. Localities and Villages in the Angonia region (2/3)

Administrative post	Locality	Number of natural villages
Chiuta District		
Manje	Manje	11
District capital	Nrigo	3
	Luruadze	3
	Kaunds	13
Kazula	Kazula	8
	Muehena	3
	Chipize	10
	Mateuze	4
Sub-total	8	55
Population		50,372
Macanga District		
Furancungo	Furancungo	6
District capital	Cassupi	8
	Gandali	7
	Namadende	5
Chidzolomondo	Chidzolomondo	8
	Campala	6
	Baue	6
Sub-total	7	46
Population		46,515

Table 7. Localities and Villages in the Angonia region (3/3)

Administrative post	Locality	Number of natural villages
Moatize District		
Moatize District capital	Moatize	25
	Beuga	6
	Tsungo	5
	Nhantipissa	7
	Mphanzo	13
Zobue	Zobue	14
	Mussacama	9
	Kaphiridzarrje	7
	Gamo	6
Kambulatsitsi	Kambulatsitsi	11
	Necungas	18
Sub-total	11	121
Population		109,103
Tsangano District		
Tsangano District capital	Tsangano	14
	Maconje	8
	Chiandame	6
Ntengo-wa-mbajama	Ntengo-wa-mbajama	12
	Banga	6
	Chinveno	5
Sub-total	6	51
Population		106,557

Table 8. Summary of Implementing Agencies of the JICA Study Projects (1/2)

	Proj. #	Name of project	Implementing agency	Implementation period
1	1.1	Tete-Moatize Core Urban Development	Inter-agency; coordination by GPZ	P1
2	1.2	Tete City Water Supply Expansion	MPWH, Tete provincial directorate	urgent measure in P1
3	1.3	Urban Roads Improvement	ANE, Tete & Moatize municipalities	P2-P3
4	1.4	Tete Corridor Power Supply Expansion	EDM	P1 & P2
5	1.5	Tete City Telecommunications	TDM	P1-P2
6	1.6	Agro-Industrial Zone Establishment	MPWH, GPZ, private firms	P2
7	1.7	Business Center Establishment	MPWH, Ministry of Interior, private firms	P1, 2001: 2002: 2003
8	1.8	Industrial Technology & Information Center	Public sector	P2
9	1.11	Moatize Coal-fired Thermal Power Plant	MMRE, EDM & private sector	P2-P3
10	1.12	Small-scale Iron & Steel Manufacturing	Private sector	
11	1.13	Angonia Highland Integrated Urban Develop.	Inter-agency, GPZ (coordination)	P1-P3
12	2.2	Small Irrigation Schemes Development	MARD, private sector	P1-P2
13	2.4	Revuboe Multipurpose Dam	MPWH, MARD, GPZ (coordination)	F/S in P1; D/D in P2
14	2.7	Farmers' Associations Promotion Program	MARD	P1-P3
15	2.8	Grain Storage Development	Agricultural cooperative & grain millers' associations	Impl. arrange. in P1, impl. in P2
16	2.9	District Water Supply	MPWH, Tete provincial directorate	Initial impl. in P1
17	2.10	Rural Electrification	MMRE, EDM & private sector	P1-P3
18	2.11	Mineral Resources Exploration Program	MMRE	
19	3.1	Rural Roads Self-help Improvement Program	District administrations supported by ANE	P1-P2
20	3.2	Secondary Roads Improvement	ANE	urgent measure in P1
21	3.3	International Highway Upgrading	ANE	P2-P3
22	3.4	Sena Railway	CFM-central or private firms	P1-P3
23	3.5	Zambezi River Transport Development	Tete municipality, private firms	P2-P3
24	3.6	Bus Service Improvement	ANE & private firms	P1-P3, P2
25	3.7	Inland Freight Terminal	MPWH & private firms	P2
26	3.8	New Zambezi River Bridge	ANE &/or private sector	P3
27	3.9	Tete International Airport Upgrading	Department of Civil Aviation, private firms	P2, P2, P2-P3
28	3.10	Rural Telecommunications	TDM	P1-P2
29	3.11	Border Facilities Improvement	Immigration & Customs, district administrations	P1-P2

Table 8. Summary of Implementing Agencies of the JICA Study Projects (2/2)

	Proj. #	Name of project	Implementing agency	Implementation period
30	4.1	GPZ Strengthening Program	GPZ	P1, P2
31	4.2	Local Planning & Management Enhancement	GPZ, Tete municipality & other local administrations	P1-P2
32	4.3	Zambezi River Basin Database Development	GPZ	P1-
33	4.4	Corporate Management Modernization	Public vocational schools	P1-P2
34	4.5	Tete Provincial Hospital Upgrading	Ministry of Health	P1
35	4.8	Distance Education Program	MINED	P1, P2-P3
36	4.9	Primary Schools Improvement	MINED & local communities	P1, P2-P3
37	4.10	Watershed Management Program	Local admin. & communities supported by MICOA	P1, P2-P3
38	4.11	Environmental Inventory	MARD, MICOA, Tete province, GPZ	P2
39	4.12	Urban Environment Improvement Program	MICOA, MPWH, Tete prov. gov., Tete & Moatize mun. gov., GPZ (coordination)	P1-P2
40	4.13	Renewable Energy Center	GPZ & MMRE	P2
41	S1	Enhancement of Extension Services	Tete directorate of ARD, MARD, NGOs	P1
42	S2	Community Mobilization	Tete provincial government, MARD, NGOs	P1
43	S3	Adult Education on Land Ownership & Agriculture	Tete directorates of ARD & education, provincial gov.	2002-2010
44	S4	Small Animal Husbandry Program	Tete directorate of ARD, MARD, NGOs	2002-2010, 2005-
45	S5	Horticulture/Tree Planting Program	Tete directorates of ARD & education, provincial gov.	2002-2010
46	S6	Community Skills Center	Tete directorates of ARD & ICT, provincial gov.	2002-2010
47	S7	Small-scale Business Program	Tete directorates of ARD & ICT, provincial gov.	2002-2007
48	S8	Self-help Road Rehabilitation	Tete directorate of PWH	2002-2010
49	S9	Water & Sanitation Technician Training	Tete directorate of PWH	2002-2010
50	S10	School & Health Posts Construction	Tete provincial Government	2002-2010

ANE: Road Authority / CFM: Port & Railway Authority / EDM: Electricity of Mozambique / TDM: Telecommunication of Mozambique / MARD: Ministry of Agriculture & Rural Development / MICOA: Ministry of Environmental Action Coordination / MINED: Ministry of Education / MMRE: Ministry of Mineral Resources & Energy / MOTC: Ministry of Transport and Communications / MPWH: Ministry of Public Works & Housing / MARD: Ministry of Agriculture & Rural Development / TDM: Telecommunications of Mozambique

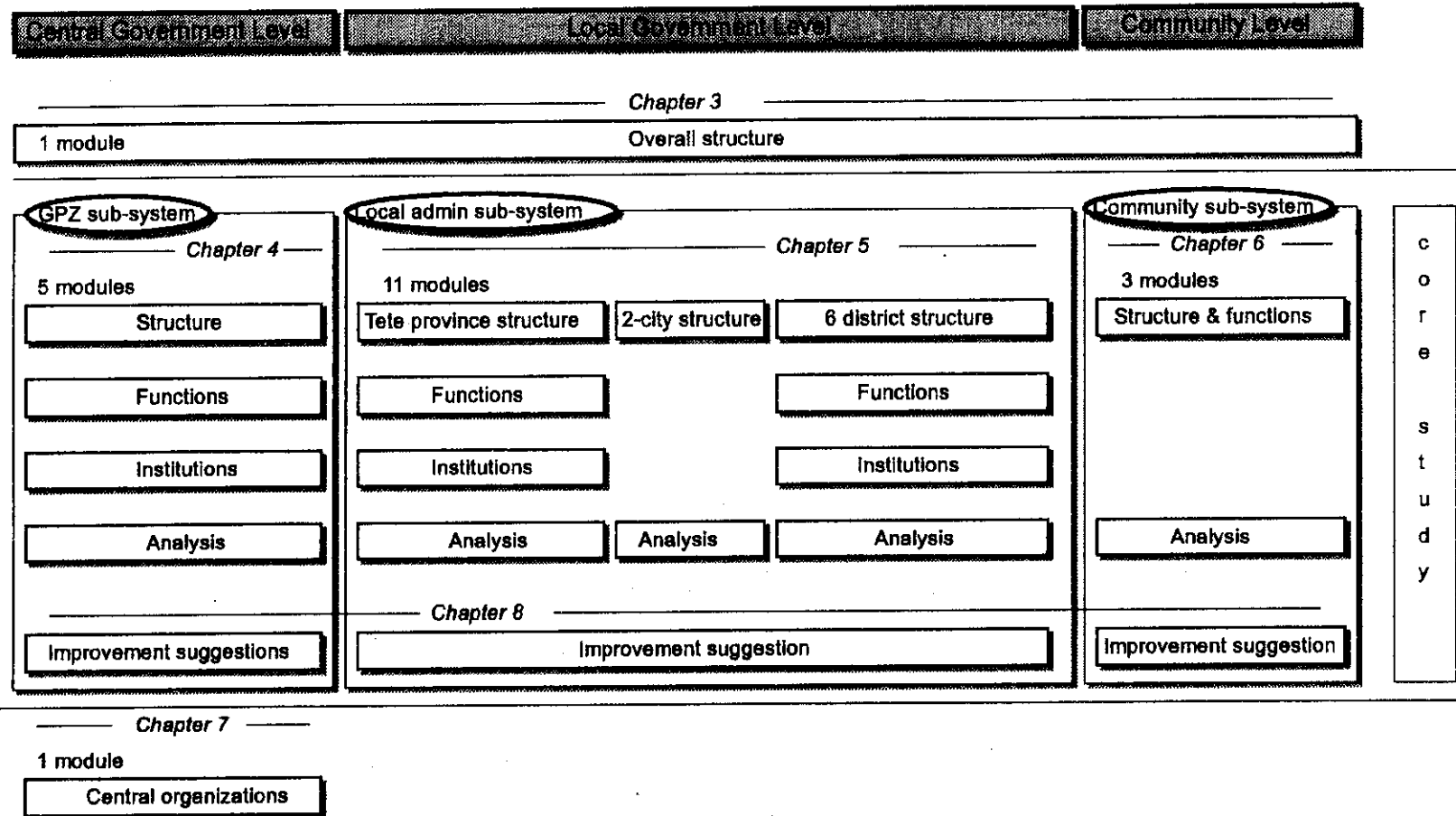
Source: JICA, *Master Plan Report*.

Table 9. Classification of the JICA Study Projects

No.	Project name	Large	Middle	Small	Private	Soft
1	1.1 Tete-Moatize Core Urban Development	●				
2	1.2 Tete City Water Supply Expansion	●				
3	1.3 Urban Roads Improvement	●				
4	1.4 Tete Corridor Power Supply Expansion	●				
5	1.5 Tete City Telecommunications	●				
6	1.6 Agro-Industrial Zone Establishment	●				
7	1.7 Business Center Establishment		●			
8	1.8 Industrial Technology & Information Center	●				
9	1.11 Moatoze Coal-fired Thermal Power Plant	●				
10	1.12 Small-scale Iron & Steel Manufacturing				●	
11	1.13 Angonia Highland Integrated Urban Development					
12	2.2 Small Irrigation Schemes Development		●			
13	2.4 Revuboe Multipurpose Dam	●				
14	2.7 Farmers Association's Promotion Program					●
15	2.8 Grain Storage Development		●			
16	2.9 District Water Supply		●			
17	2.10 Rural Electrification	●				
18	2.11 Mineral Resources Exploration					
19	3.1 Rural Roads Self-help Improvement Program		●			
20	3.2 Secondary Roads Improvement			●		
21	3.3 International Highway Upgrading	●				
22	3.4 Sena Railway	●				
23	3.5 Zambezi River Transport Development	●				
24	3.6 Bus Service Improvement		●		●	
25	3.7 Inland Freight Terminal		●		●	
26	3.8 New Zambezi River Bridge	●	●		●	
27	3.9 Tete International Airport Upgrading	●				
28	3.10 Rural Telecommunications	●				
29	3.11 Border Facilities Improvement		●			
30	4.1 GPZ Strengthening Program					●
31	4.2 Local Planning & Management Enhancement					●
32	4.3 Zambezi River Basin Database Development	●				
33	4.4 Corporate Management Modernization					●
34	4.5 Tete Provincial Hospital Upgrading		●			
35	4.8 Distance Education Program		●			
36	4.9 Primary Schools Improvement		●			
37	4.10 Watershed Management Program			●		
38	4.11 Environmental Inventory		●			
39	4.12 Urban Environmental Improvement					
40	4.13 Renewable Energy Center		●			
41	S1 Enhancement of Extension Services		●			
42	S2 Community Mobilization					●
43	S3 Adult Education on Land Ownership & Agriculture					●
44	S4 Small Animal Husbandry Program			●		
45	S5 Horticulture/Tree Planting Program			●		
46	S6 Community Skills Center		●			
47	S7 Small-scale Business Program		●			
48	S8 Self-help Road Rehabilitation			●		
49	S9 Water & Sanitation Technician Training					●
50	S10 School & Health Posts Construction			●		
	Total	17	15	6	3	7

Source: JICA, *Master Plan Report*.

Figure 1. Objectives and Structure of the Organization System Related to the Angonia Regional Development



5 chapters and 23 modules in total.

Figure 2. Overall Structure of Organizational System Related to the Angonia Regional Development

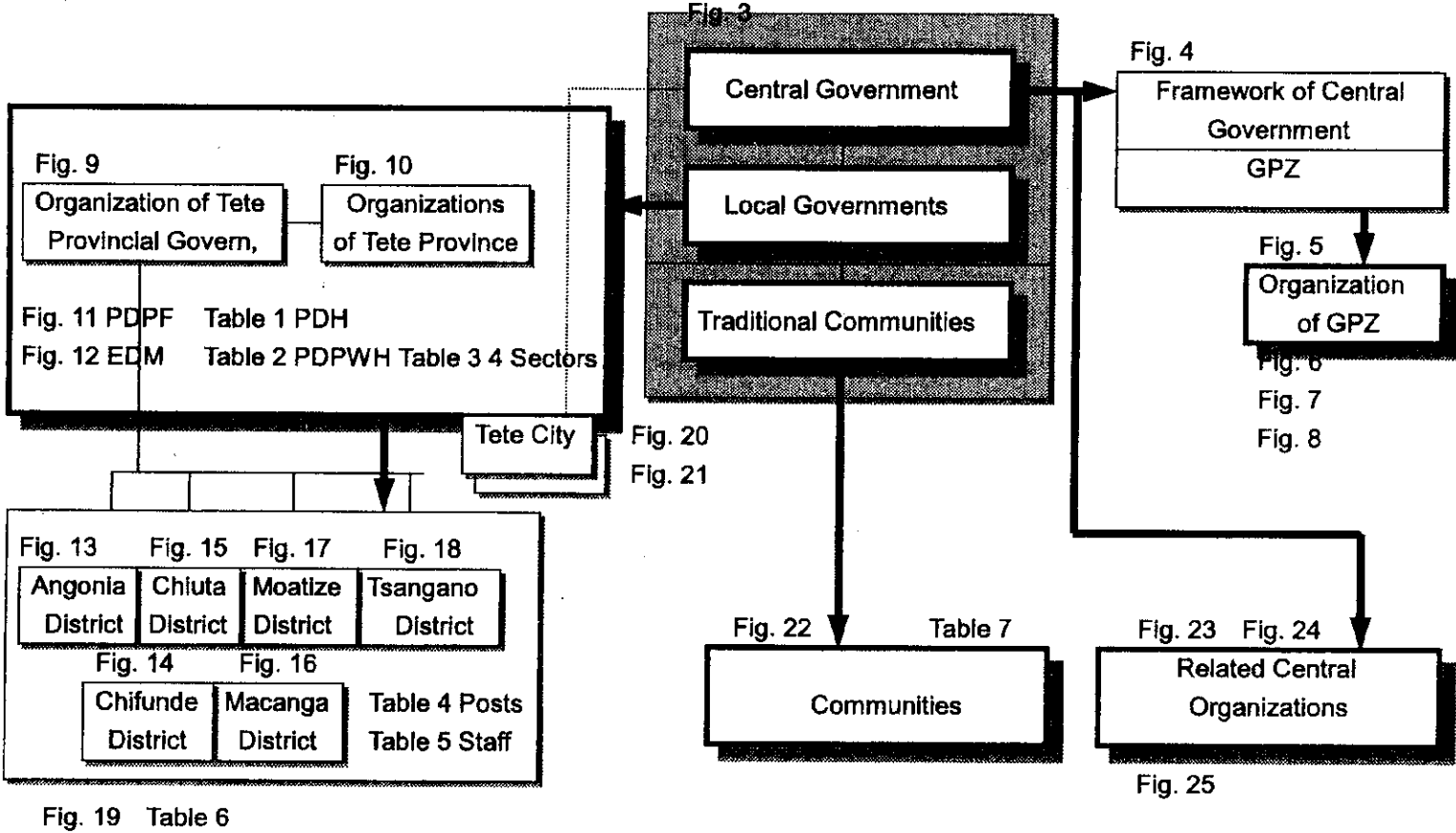
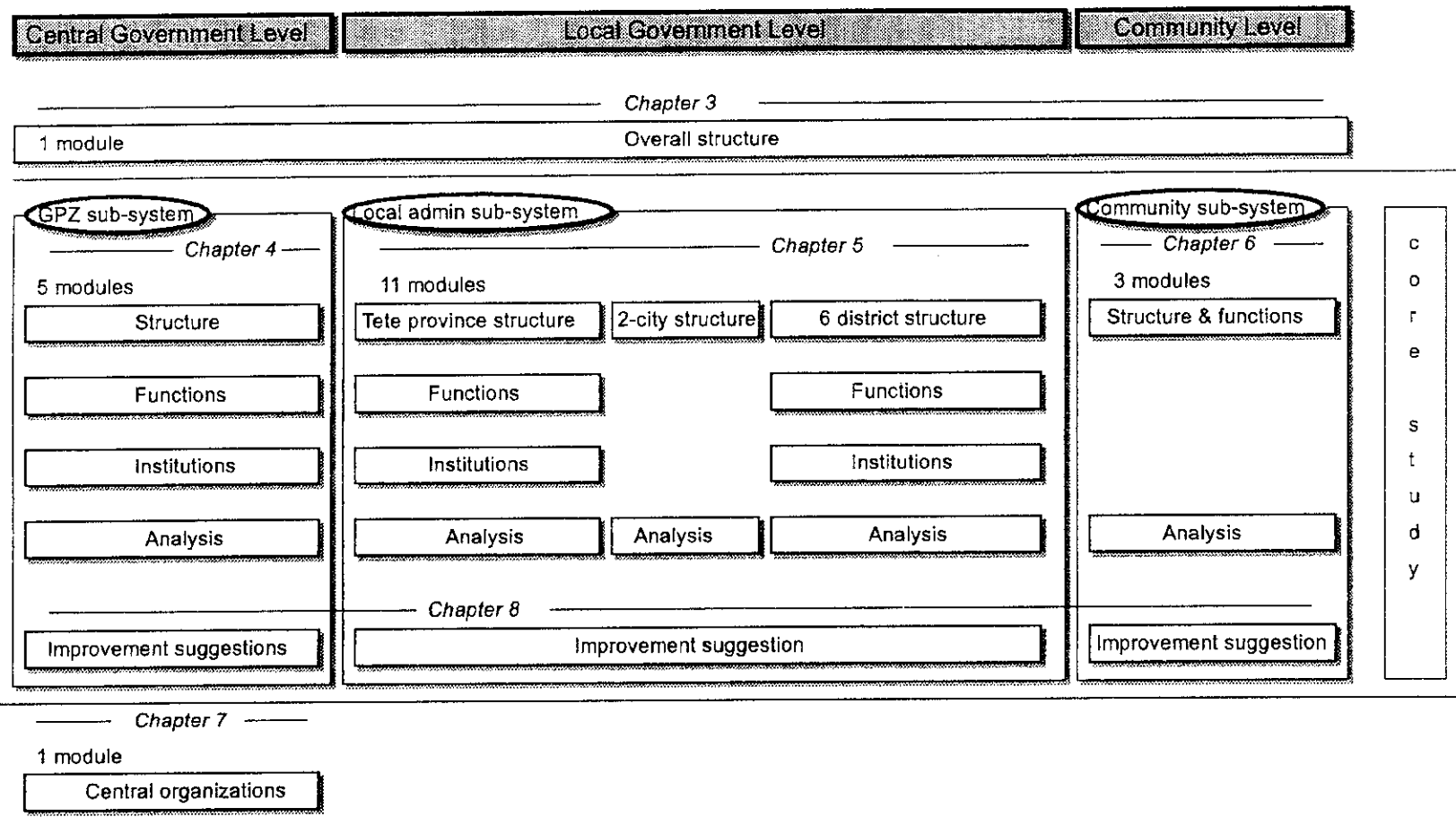


Figure 1. Objectives and Structure of the Organization System Related to the Angonia Regional Development



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Figure 2. Overall Structure of Organizational System Related to the Angonia Regional Development

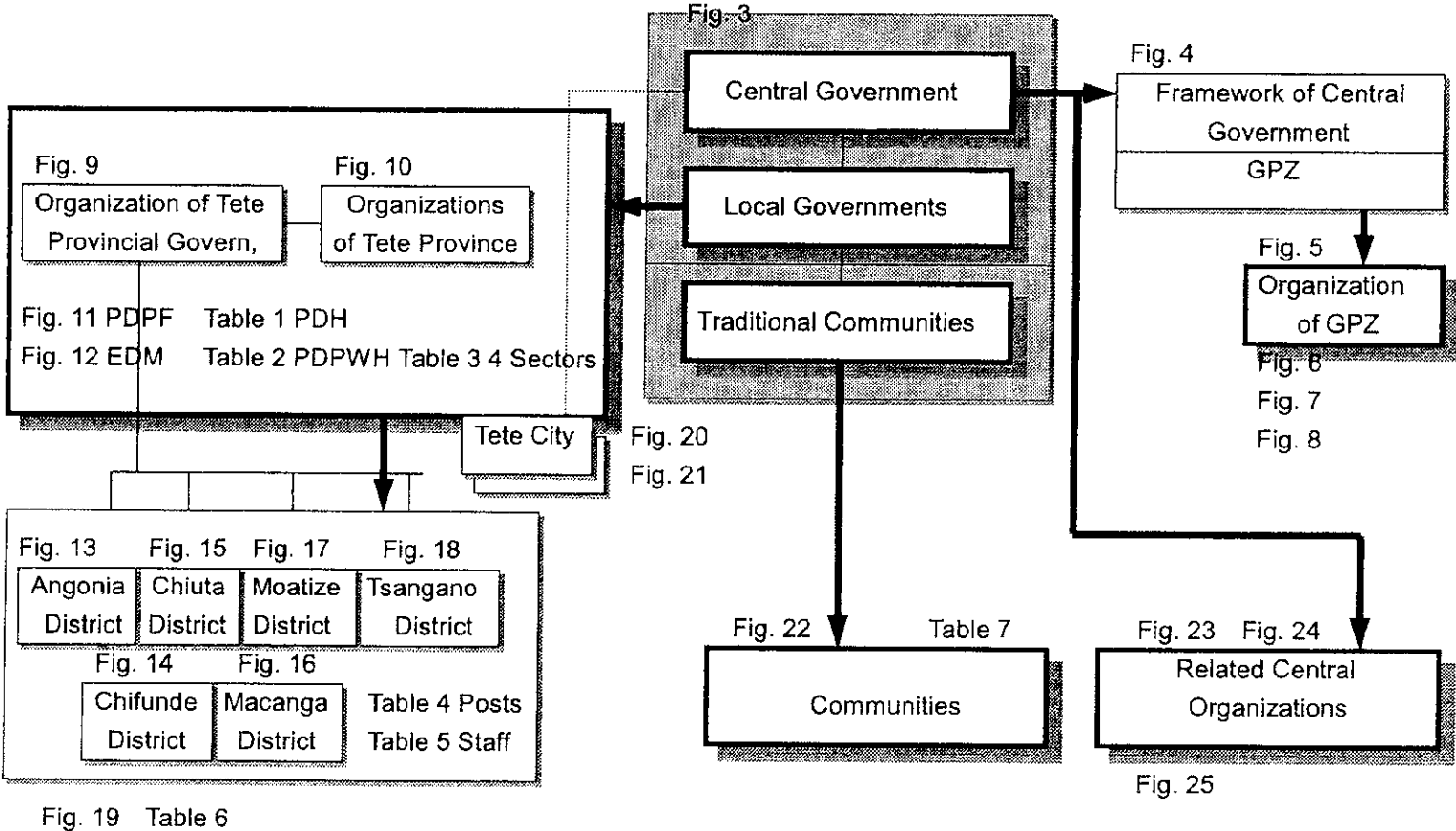
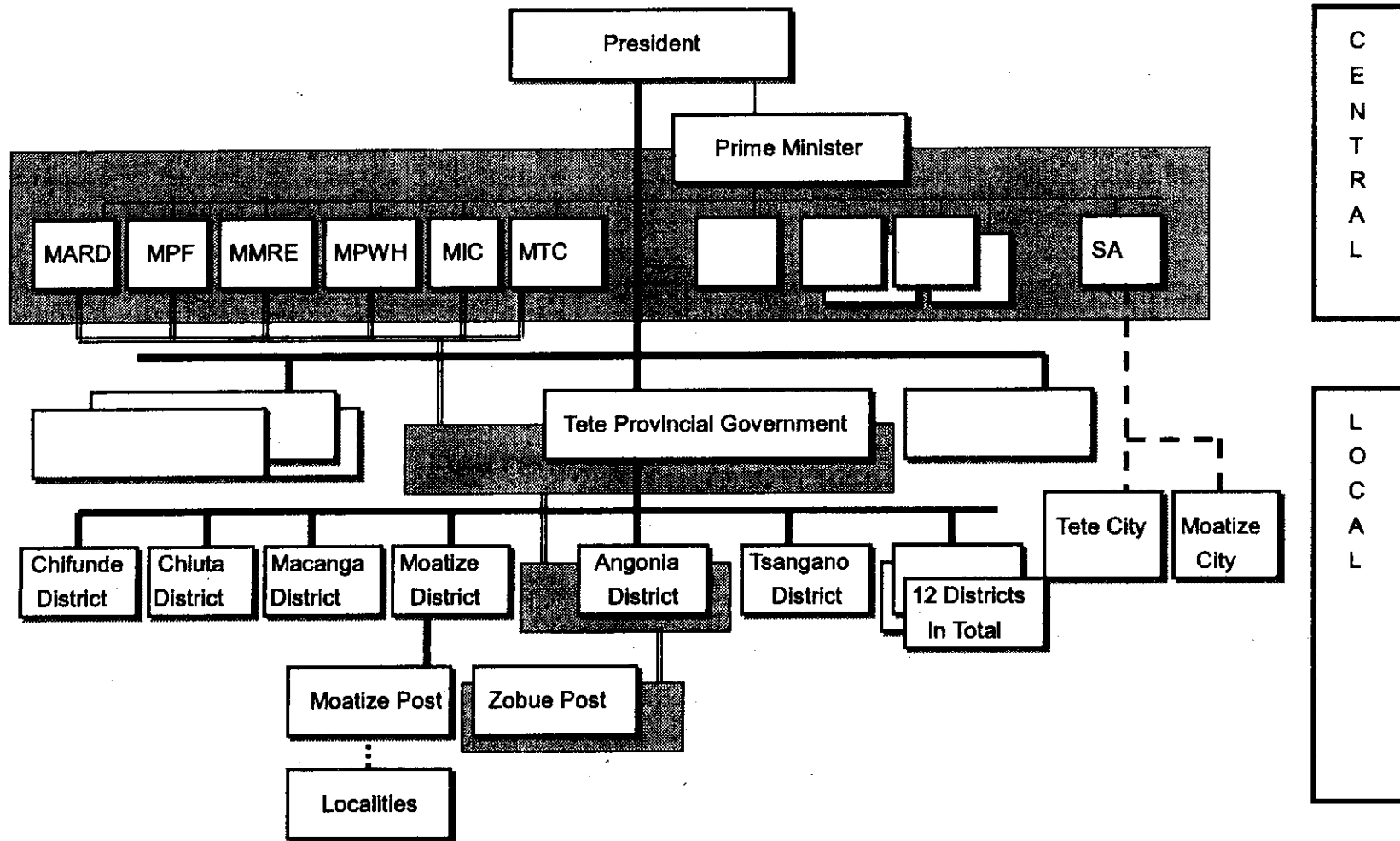


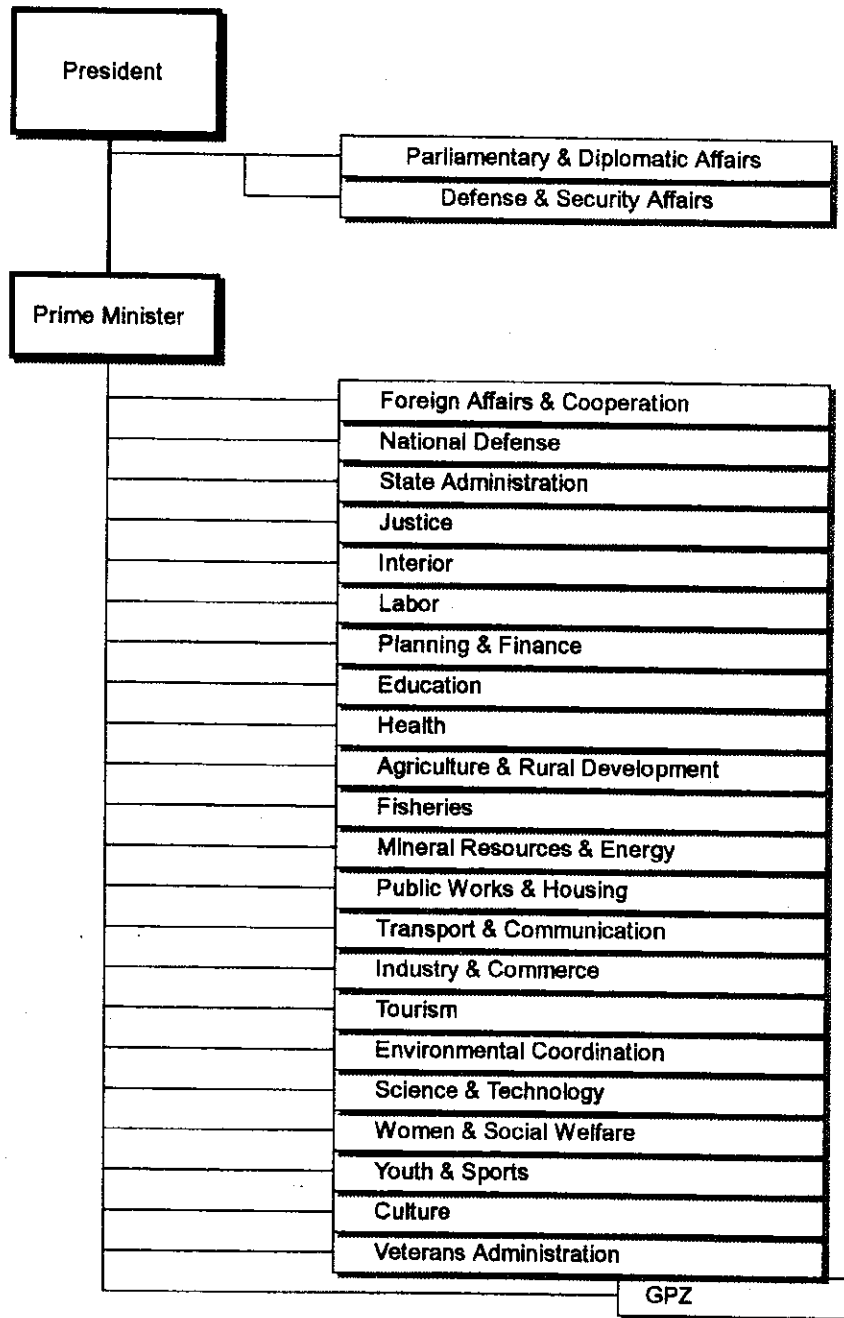
Figure 3. Overall Administrative Structure of Mozambique Related to the Angonia Regional Development



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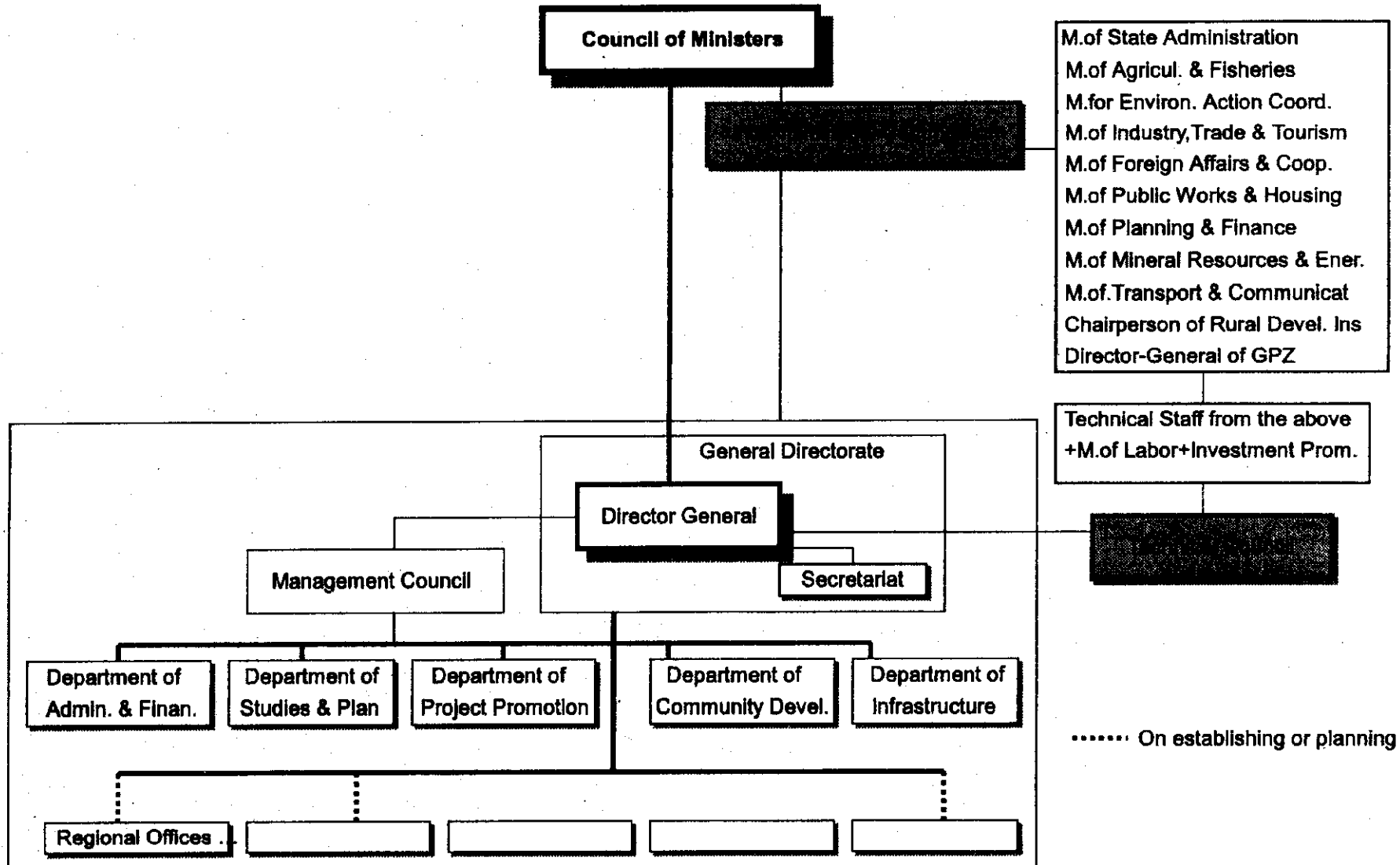
— Administrative relation, = Operating agency, ... May become the lowest level of local administration, - Supervised based on the law
 ■ Internal organizations

Figure 4. Structure of Mozambican Central Government



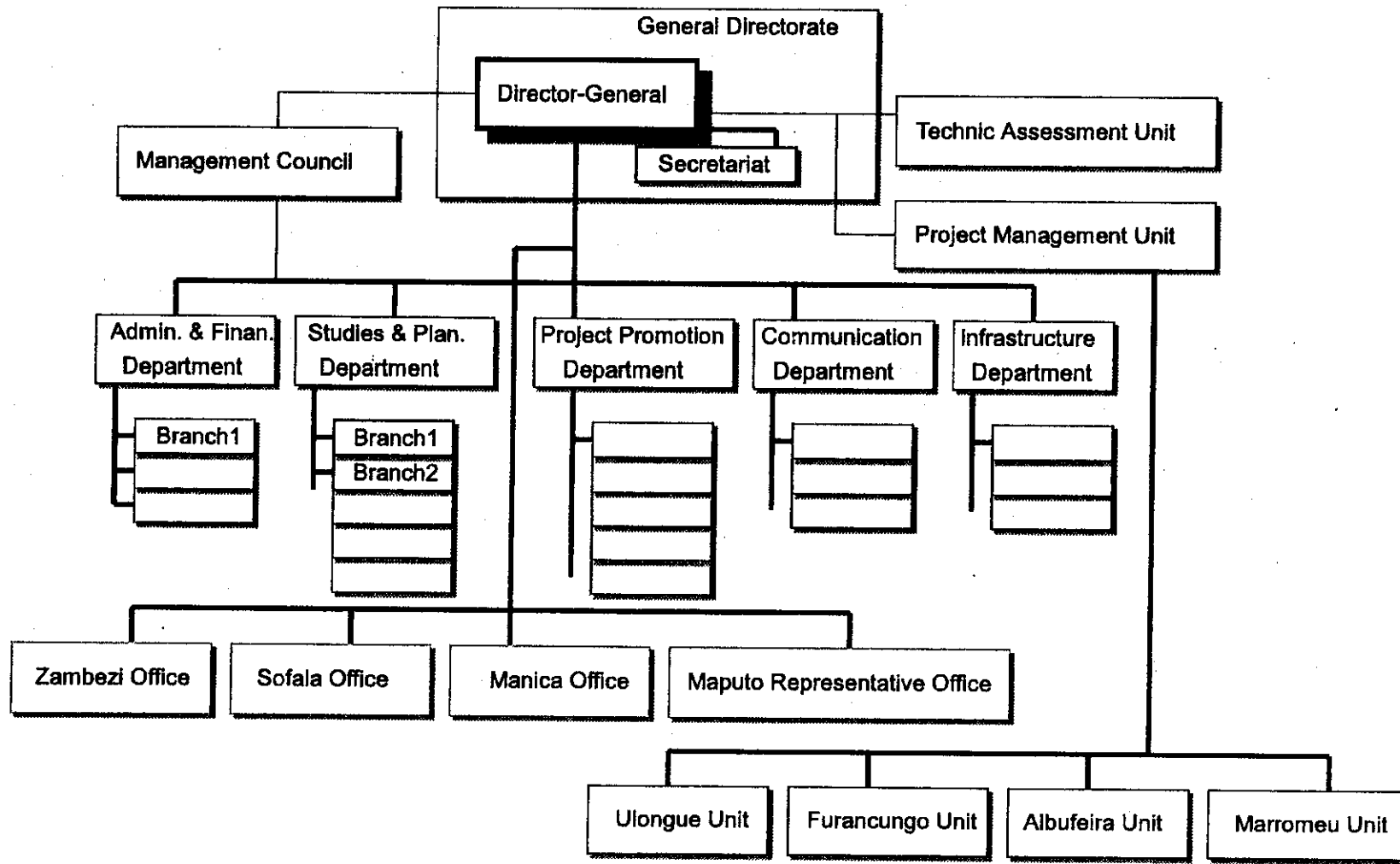
GPZ: Zambezi Valley Development Authority

Figure 5. External Organizational Structure of GPZ



..... On establishing or planning

Figure 6. Internal Structure of GPZ



To be established before 2003.

Figure 5. External Organizational Structure of GPZ

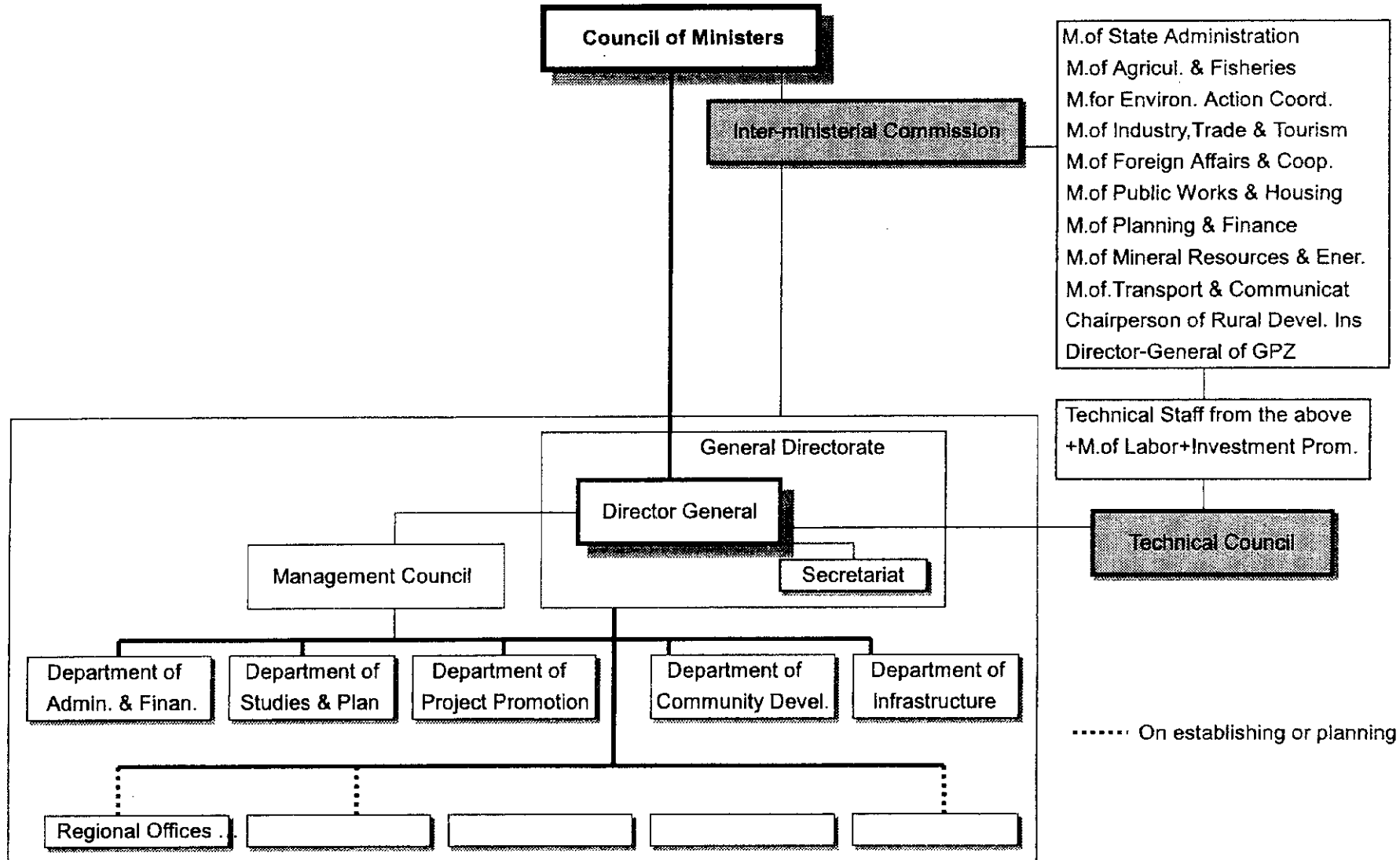
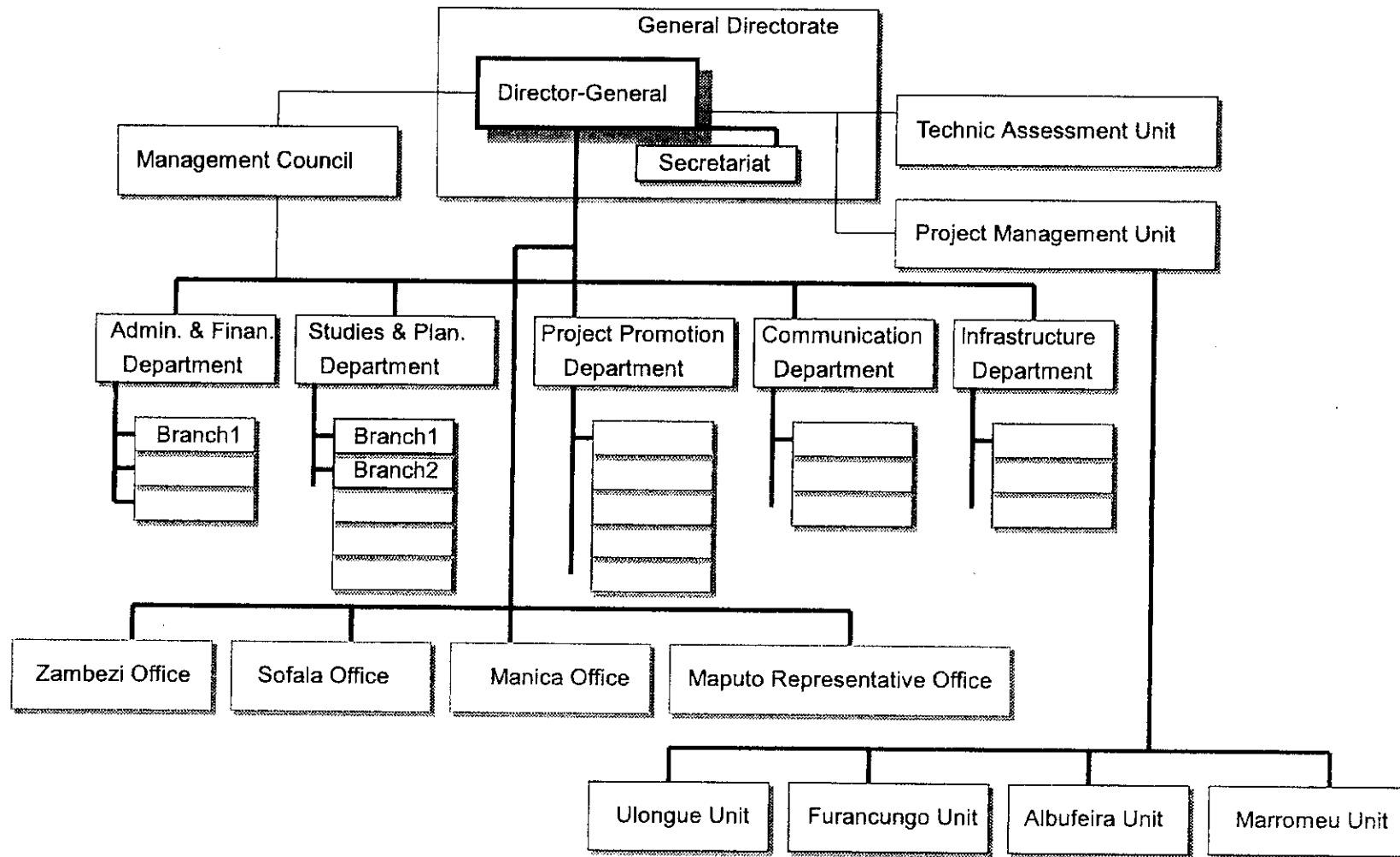


Figure 6. Internal Structure of GPZ



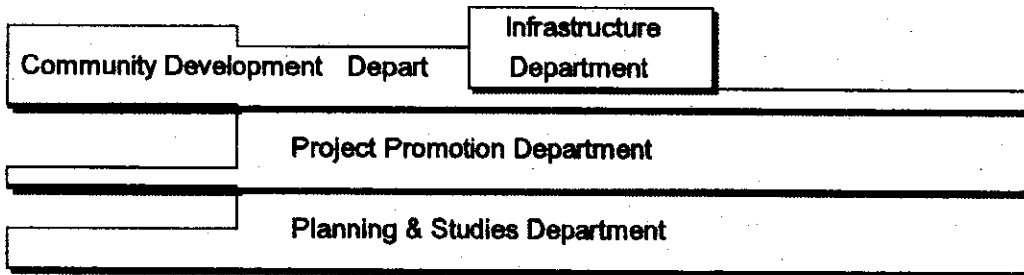
61

To be established before 2003.

Figure 7. Current Situation of Project Operating Departments

1. Sectors related to departments involved

Health Education Community etc.	Agriculture Agro-processing Manufacturing Commercial Tourism, etc.	Water Electricity Roads Telecom. etc.	Natural resources Forest etc.
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2. Project workflow related to departments involved

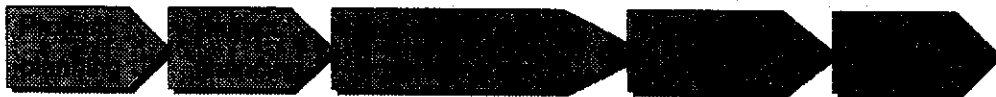
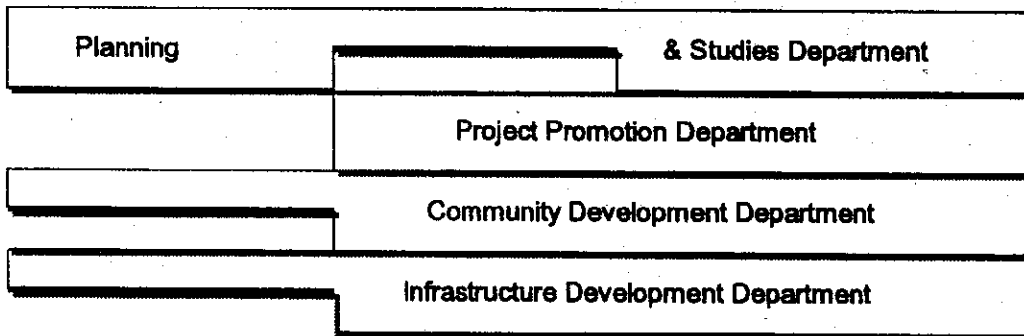
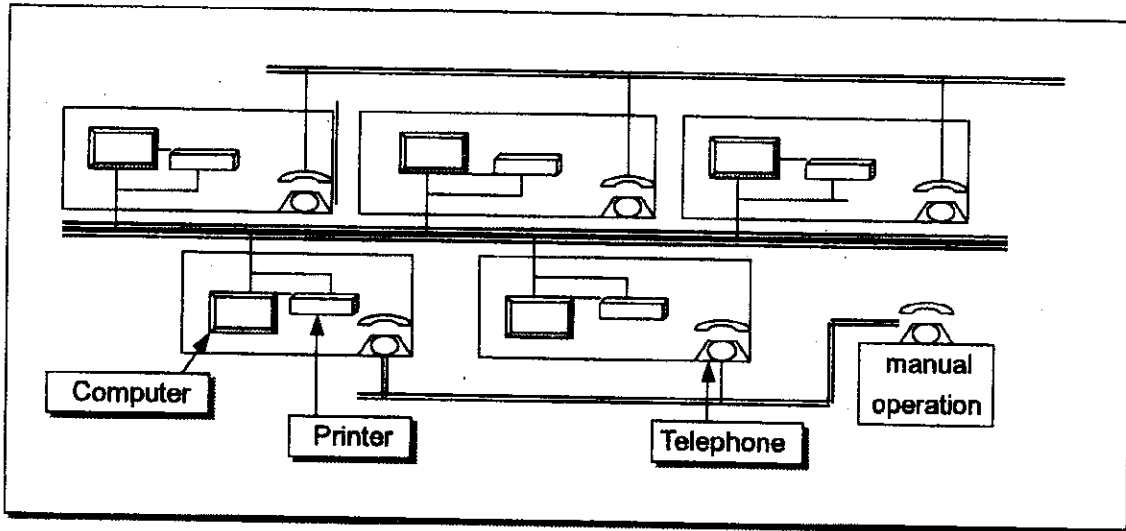


Figure 8. Information System of GPZ

1. Current conditions of information system



2. Vision of information system of GPZ

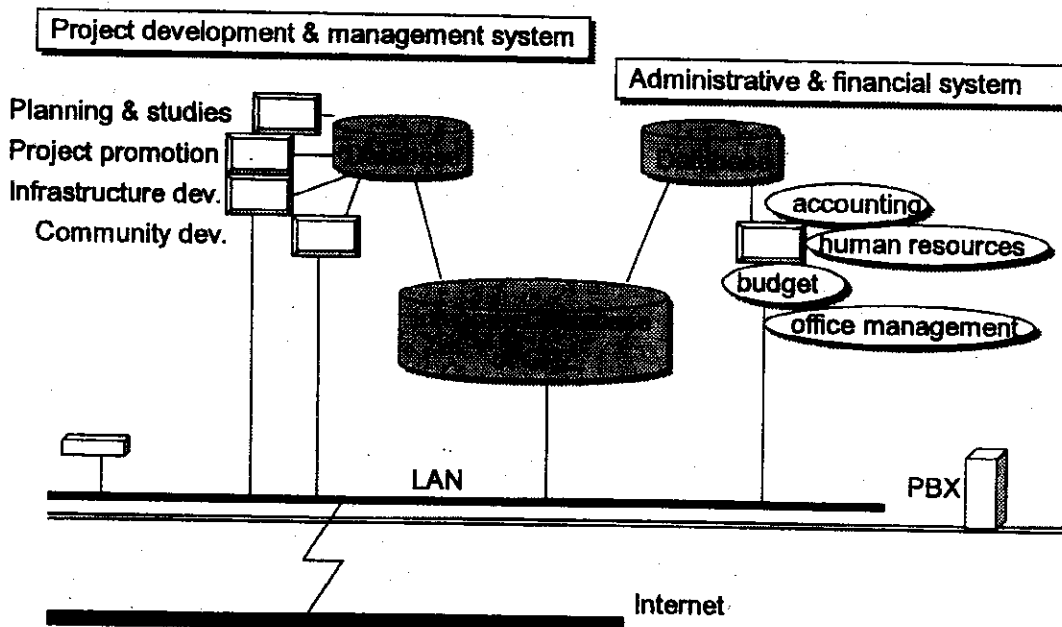
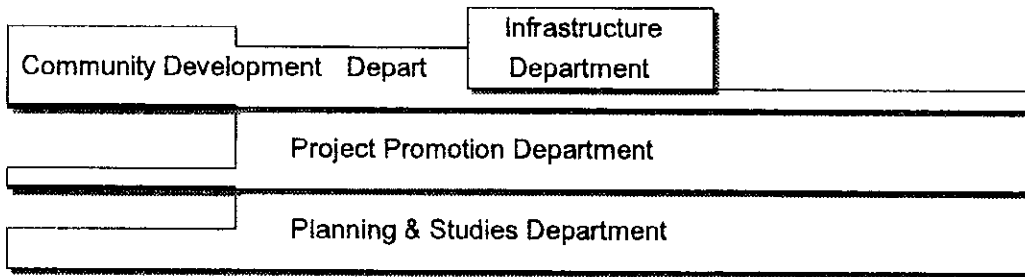


Figure 7. Current Situation of Project Operating Departments

1. Sectors related to departments involved

Social sector	Economic sector	Spatial sector	Environment sector
Health Education Community etc.	Agriculture Agro-processing Manufacturing Commercial Tourism, etc.	Water Electricity Roads Telecom. etc.	Natural resources Forest etc.



2. Project workflow related to departments involved

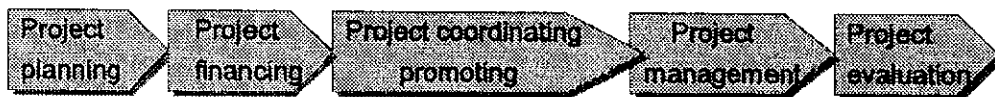
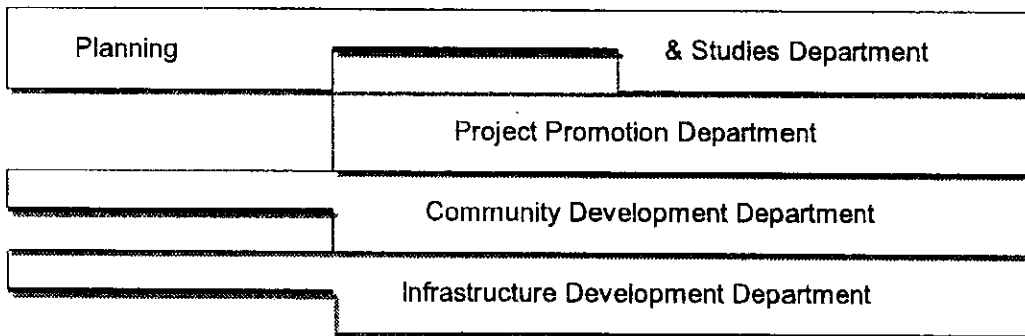
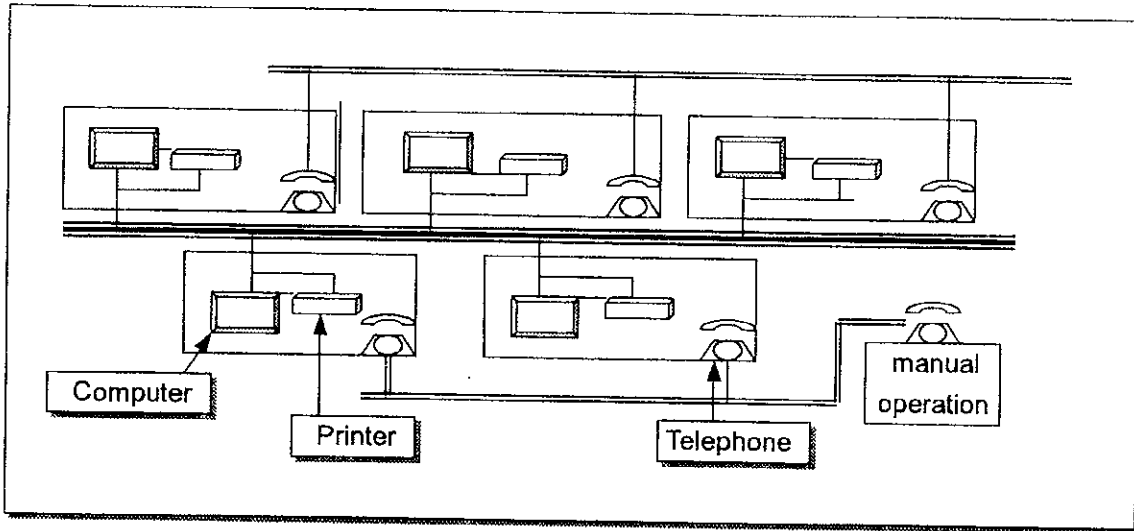


Figure 8. Information System of GPZ

1. Current conditions of information system



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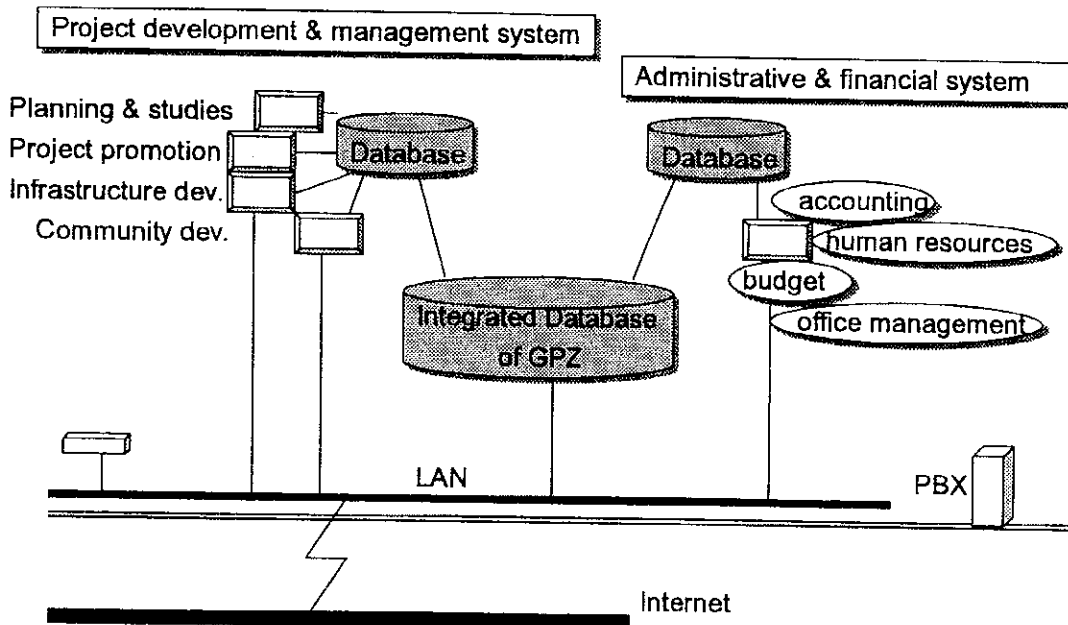


Figure 9. Overall Structure of Tete Provincial Government and Local Governments

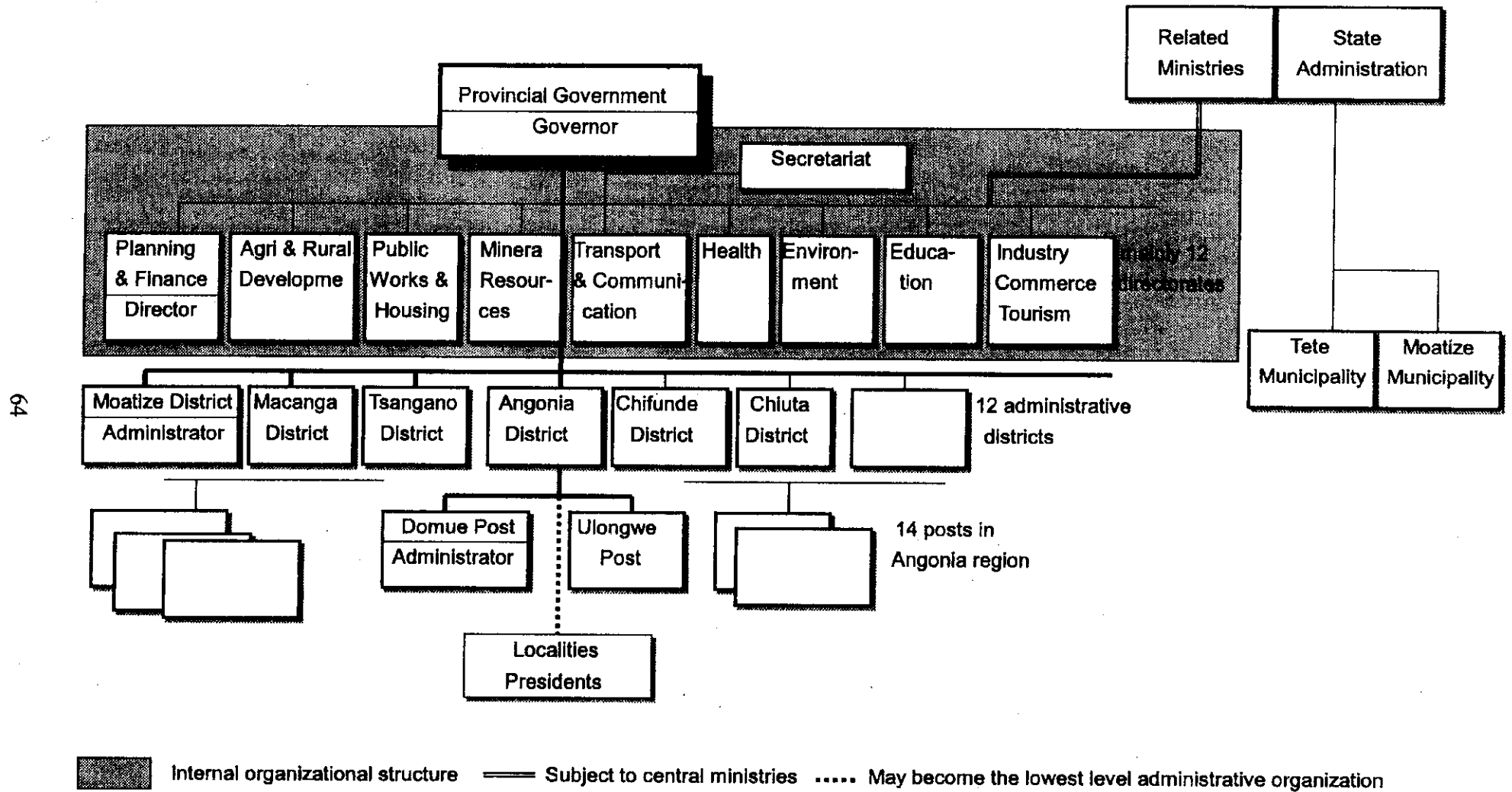


Figure 10. Administrative Organizations of Tete Province

Provincial Government System		Offices of the Central Organizations	Legislature & Justice
01	Cabinet of Governor	Office of Social Communications I	Assembly
02	Directorate for Interior	Office of National Institute of Statistics	Court
03	Directorate for Register & Notarization	Office of Natural Management & Disaster	Military Court
04	Directorate for Planning & Finance		Law Office
05	Directorate for Labor		Military Law Office
06	Directorate for Industrial, Commerce & Tourism		
07	Directorate for Mineral Resources & Energy		
08	Directorate for Public Works & Housing		
09	Directorate for Transport & Communications		
10	Directorate for Environment Coordination		
11	Directorate for Education		
12	Directorate for Health		
13	Directorate for Culture & Sports		
14	Directorate for Coordination of Social Activity		
15	Department of Provincial Statistics		
16	Department of Provincial Broadcast		

Figure 9. Overall Structure of Tete Provincial Government and Local Governments

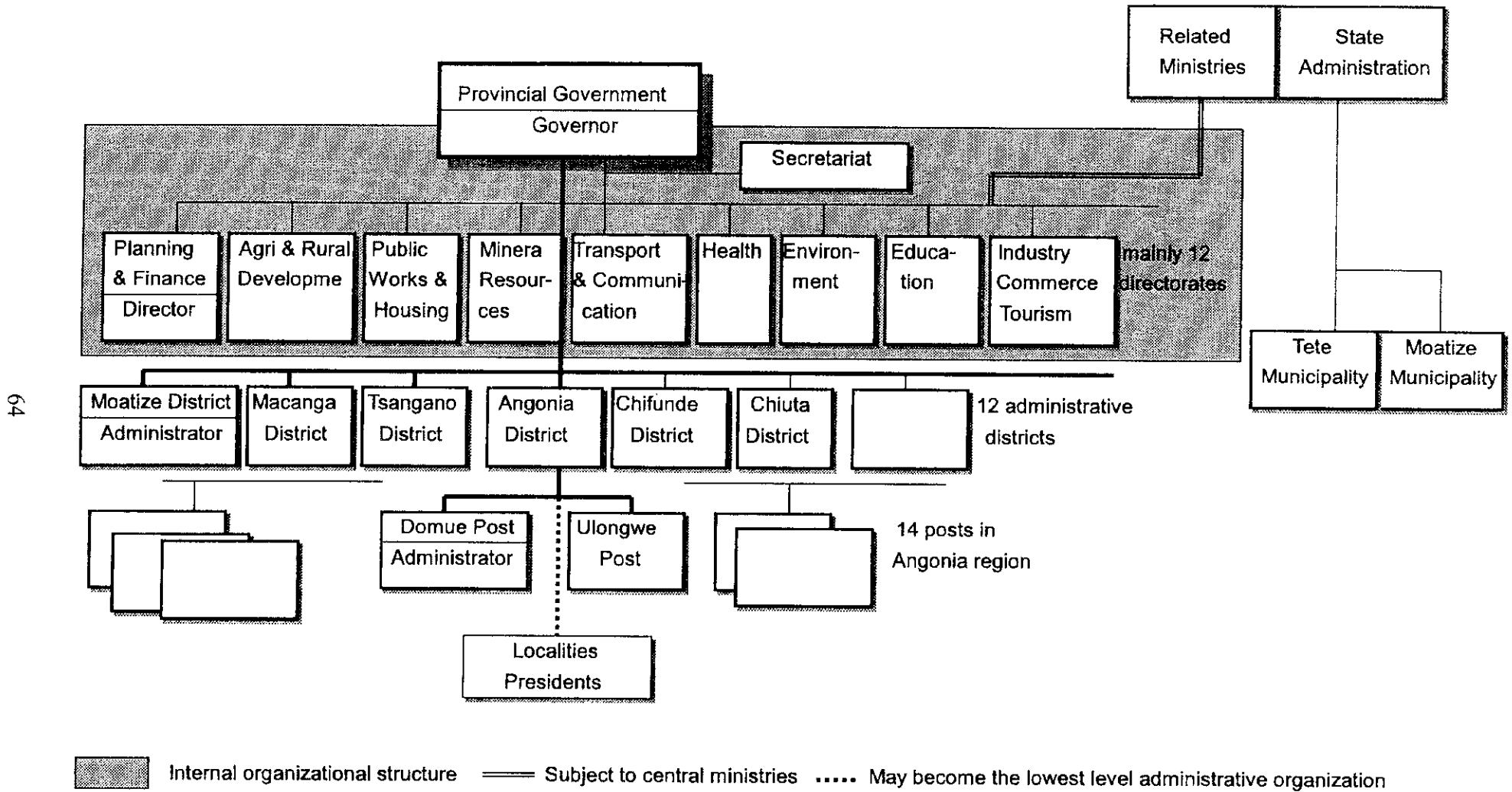
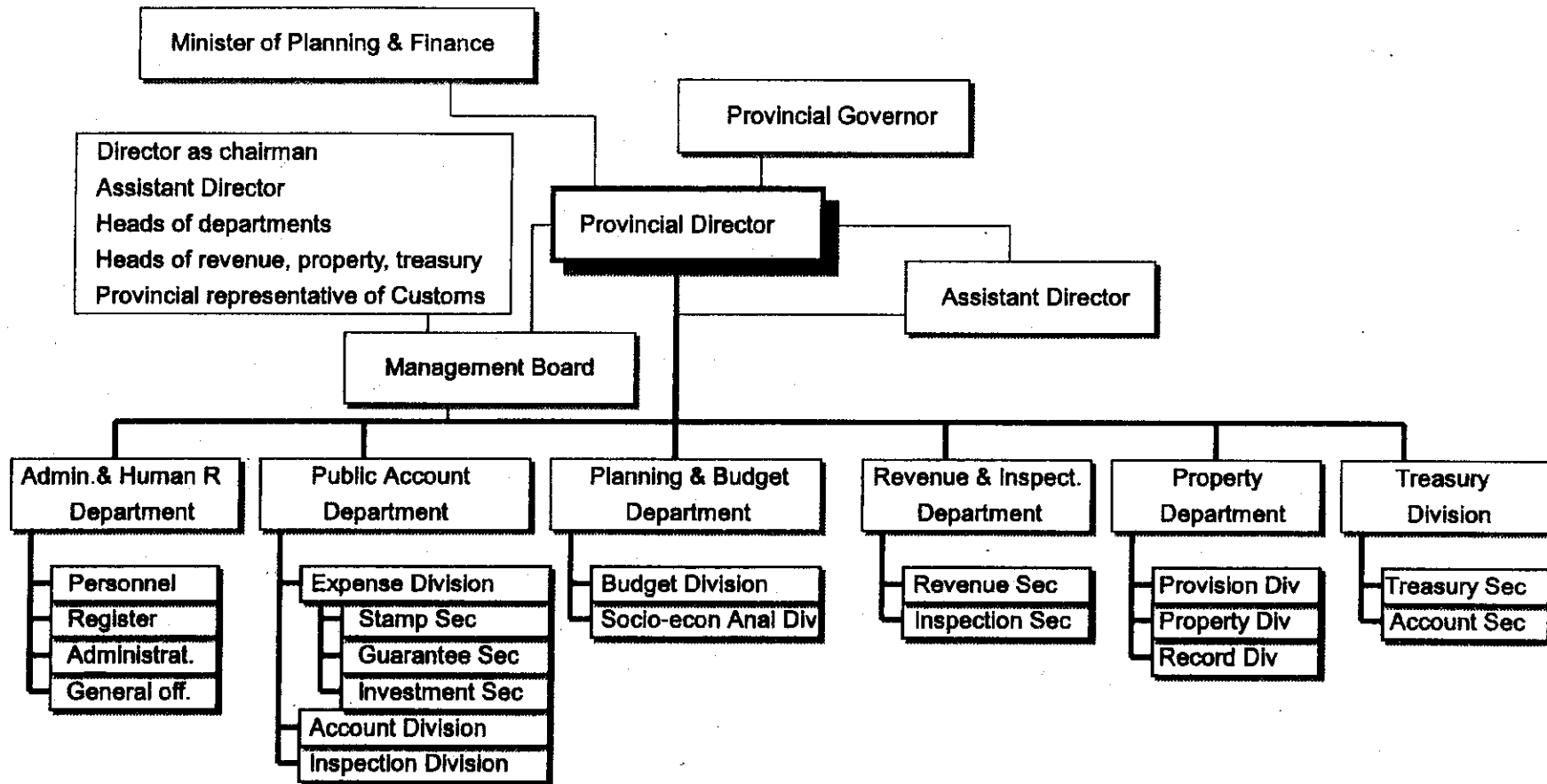


Figure 10. Administrative Organizations of Tete Province

	Provincial Government System	Offices of the Central Organizations	Legislature & Justice
01	Cabinet of Governor	Office of Social Communications I	Assembly
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03	Directorate for Register & Notarization	Office of Natural Management & Disaster	Military Court
04	Directorate for Planning & Finance		Law Office
05	Directorate for Labor		Military Law Office
06	Directorate for Industrial, Commerce & Tourism		
07	Directorate for Mineral Resources & Energy		
08	Directorate for Public Works & Housing		
09	Directorate for Transport & Communications		
10	Directorate for Environment Coordination		
11	Directorate for Education		
12	Directorate for Health		
13	Directorate for Culture & Sports		
14	Directorate for Coordination of Social Activity		
15	Department of Provincial Statistics		
16	Department of Provincial Broadcast		

Figure 11. Internal Structure of PDPF



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Human R: Human Resources

Figure 12. Internal Structure of Tete Operational Area of the Electricity of Mozambique

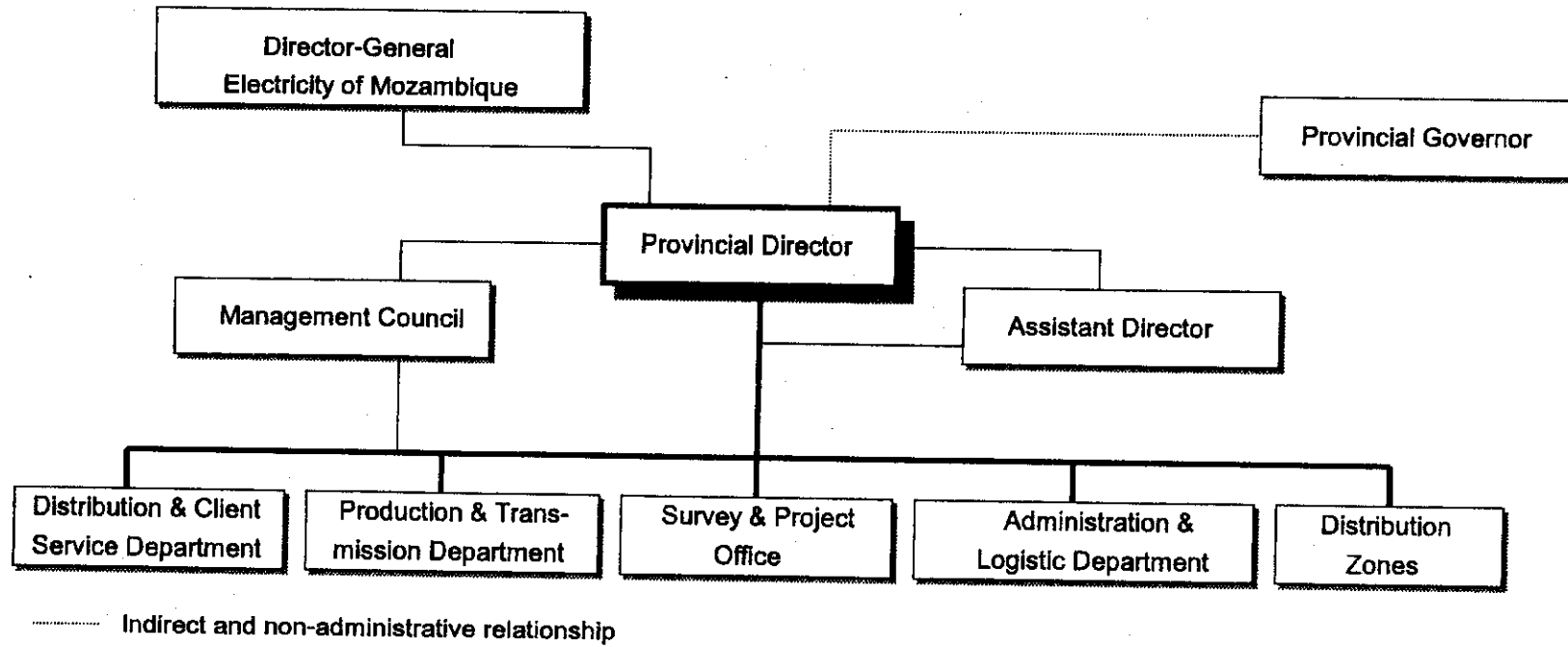


Figure 13. Organizational Structure of the Angonia Administrative District

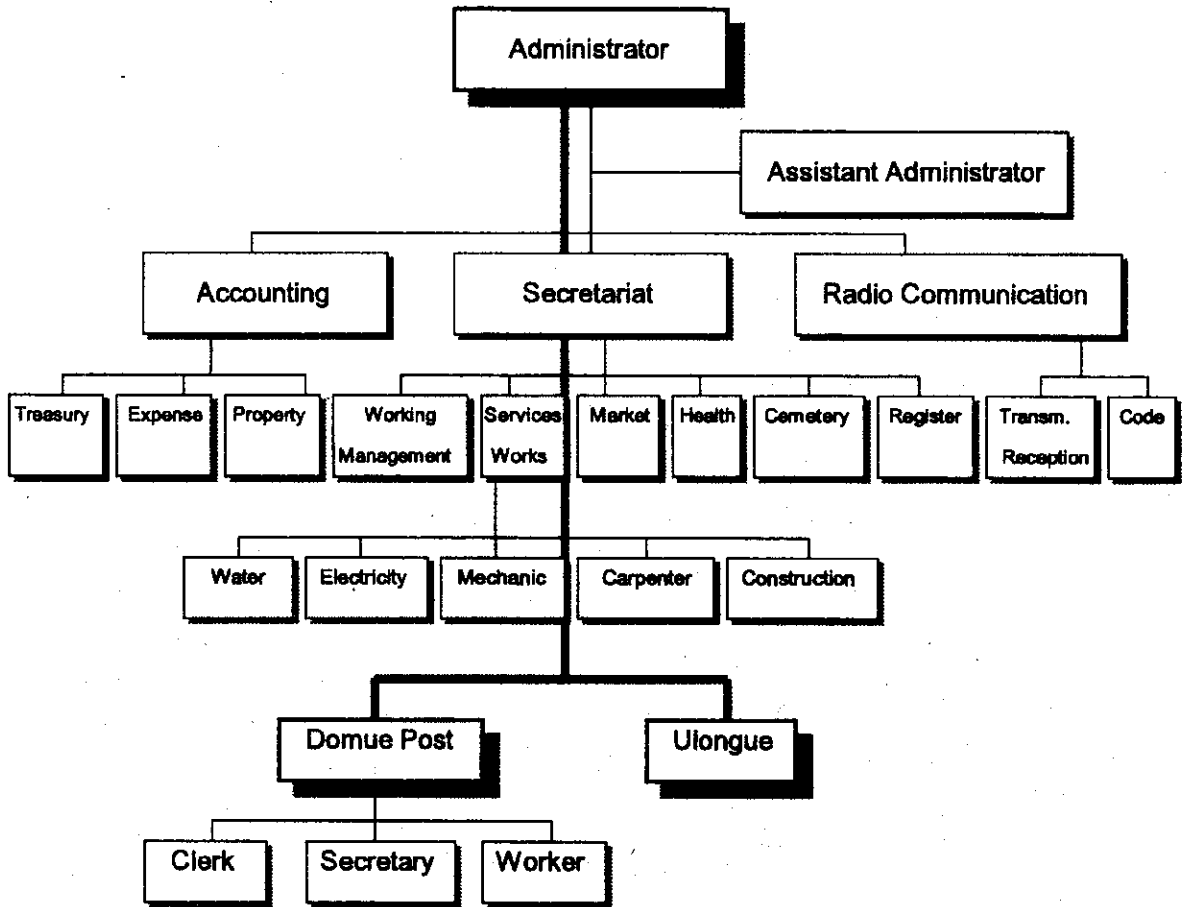


Figure 14. Organizational Structure of the Chifunde Administrative District

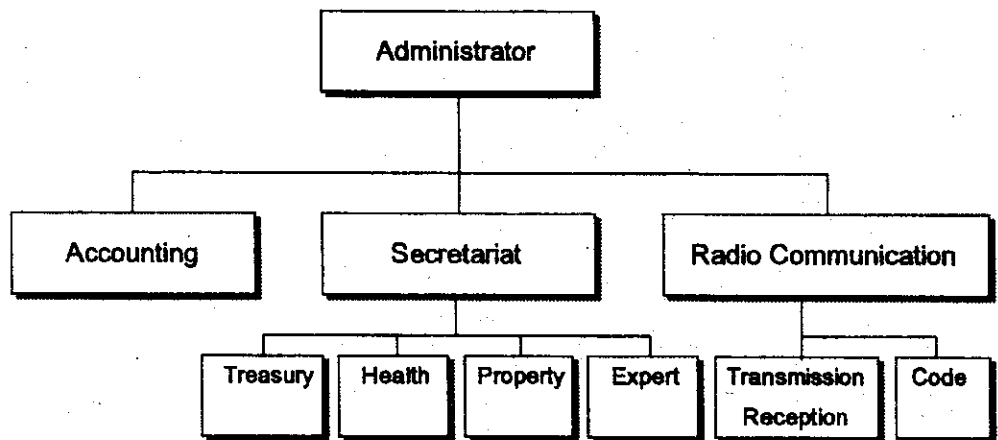


Figure 15. Organizational Structure of the Chiuta Administrative District

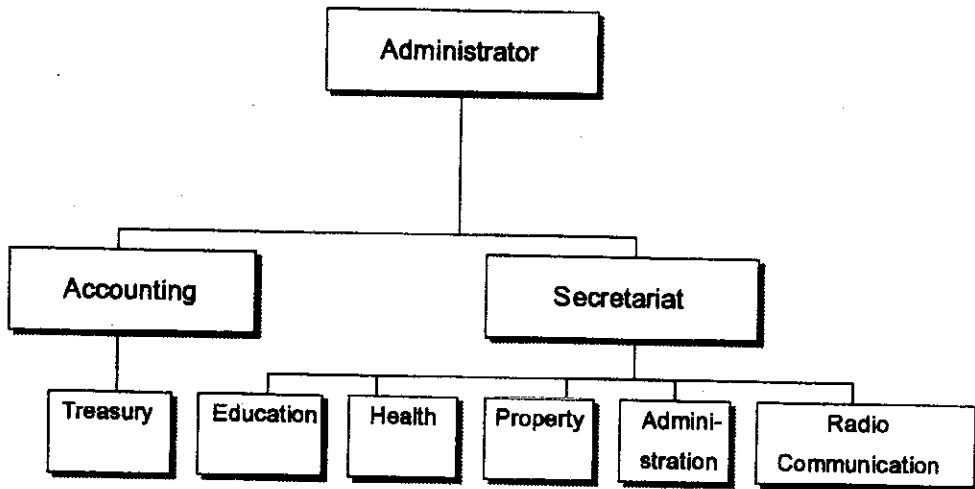


Figure 16. Organizational Structure of the Macanga Administrative District

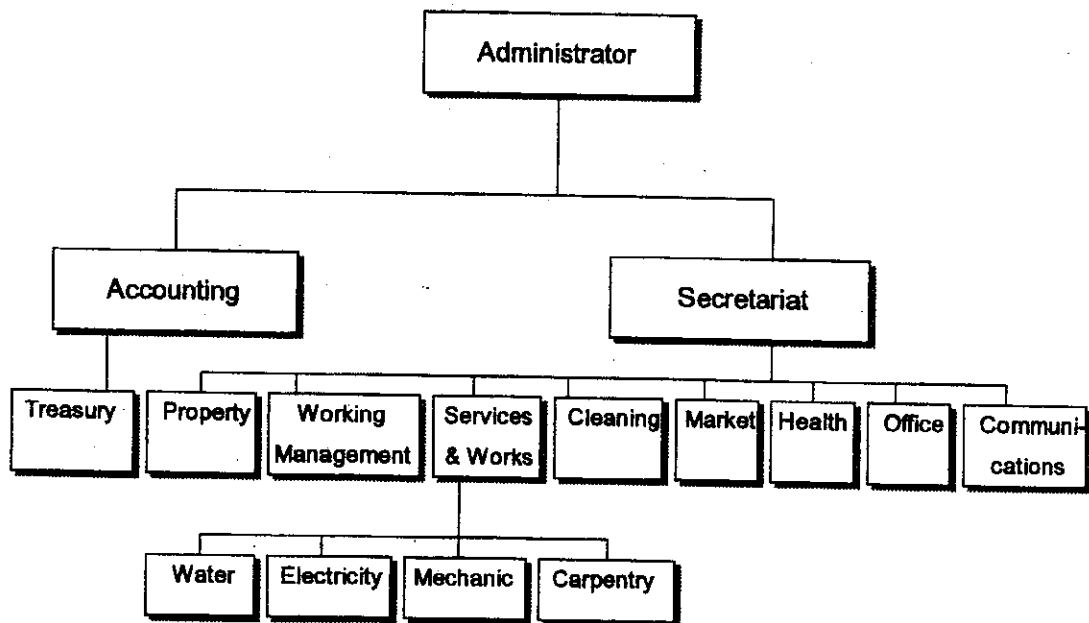


Figure 17. Organizational Structure of the Moatize Administrative District

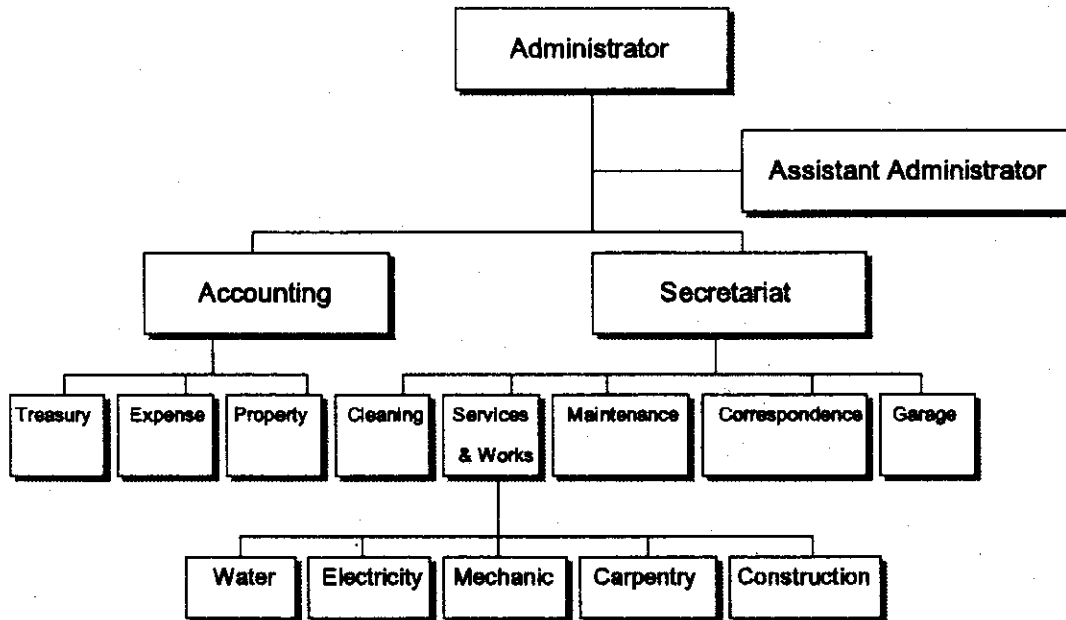


Figure 18. Organizational Structure of the Tsangano Administrative District

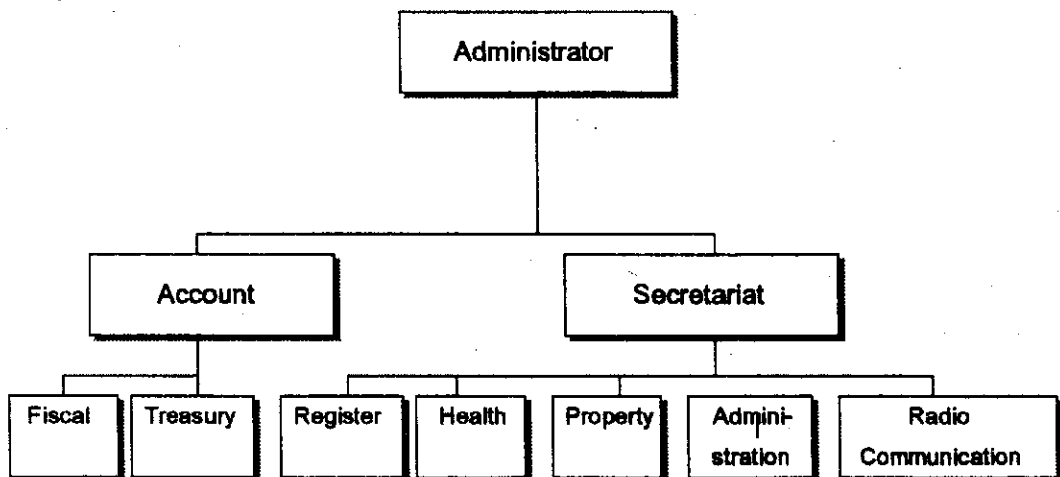


Figure 19. Distances between District Capitals and Posts in the Six Districts

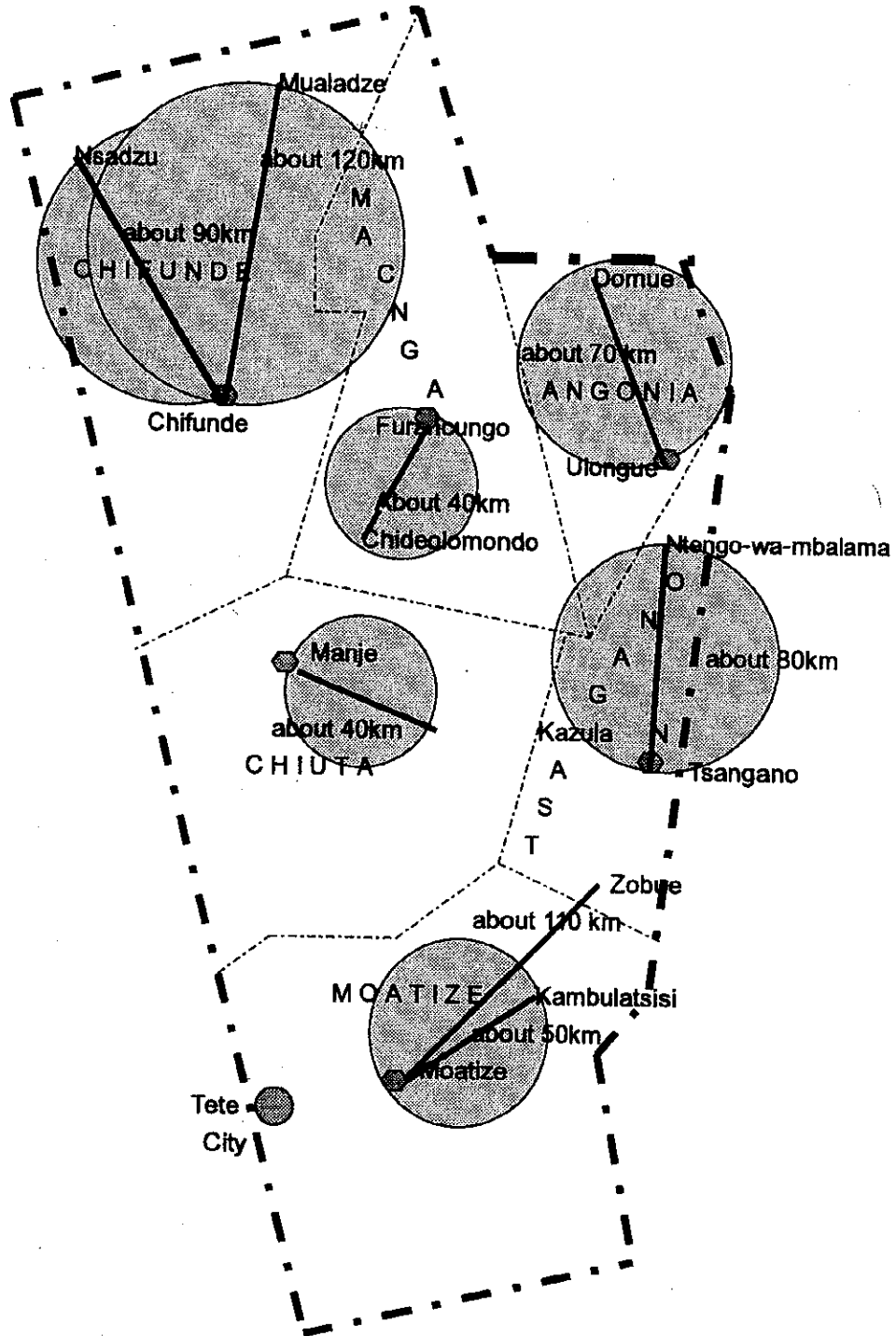


Figure 20. Organizational Structure of Tete Municipal Government

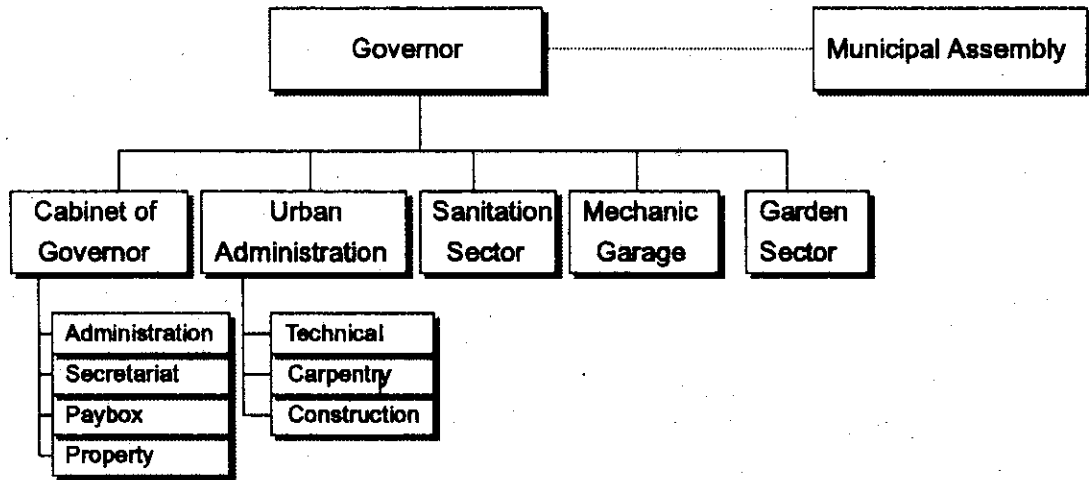
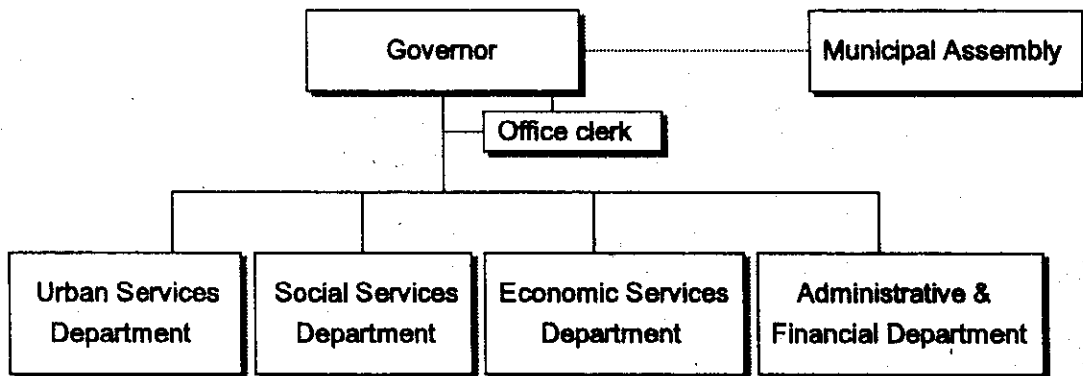
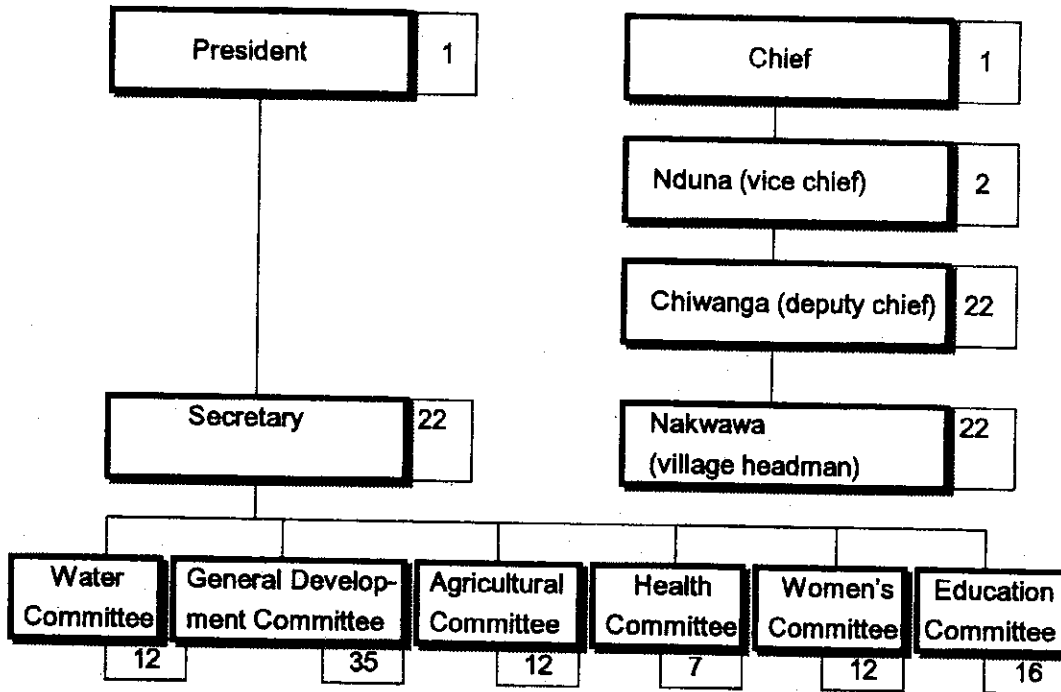


Figure 21. Organizational Structure of Moatize Municipal Government

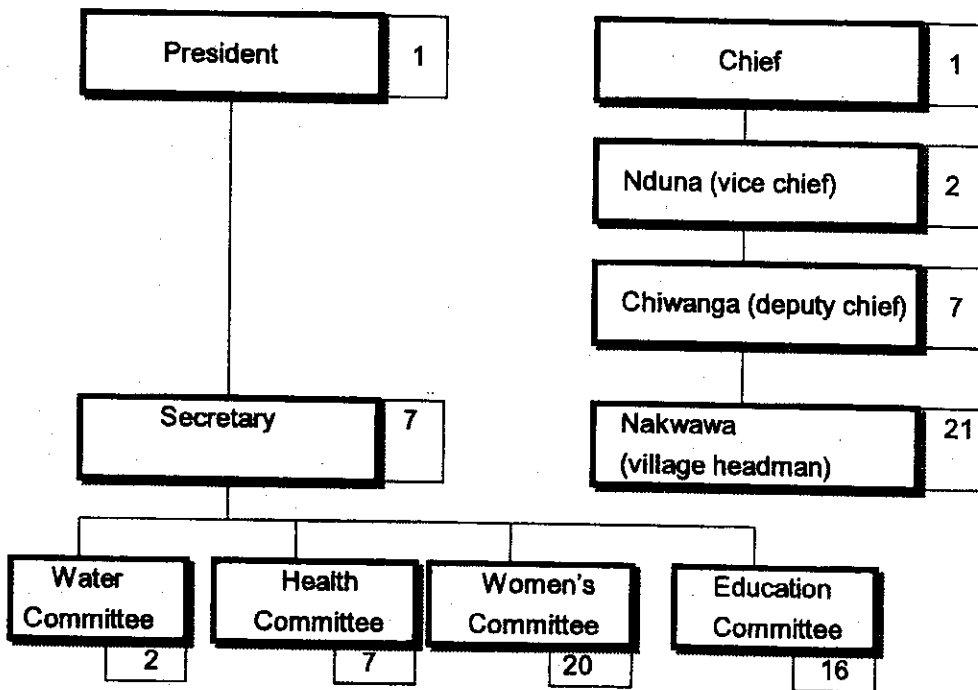


**Figure 22. Organizational Structure of Community in the Domue Administrative Post:
Two Cases**

Domue-calio locality administering 22 natural villages



Ndaula locality administering six natural villages



12 Number of members

Figure 23. Organizational Structure of the Ministry of Agriculture and Rural Development

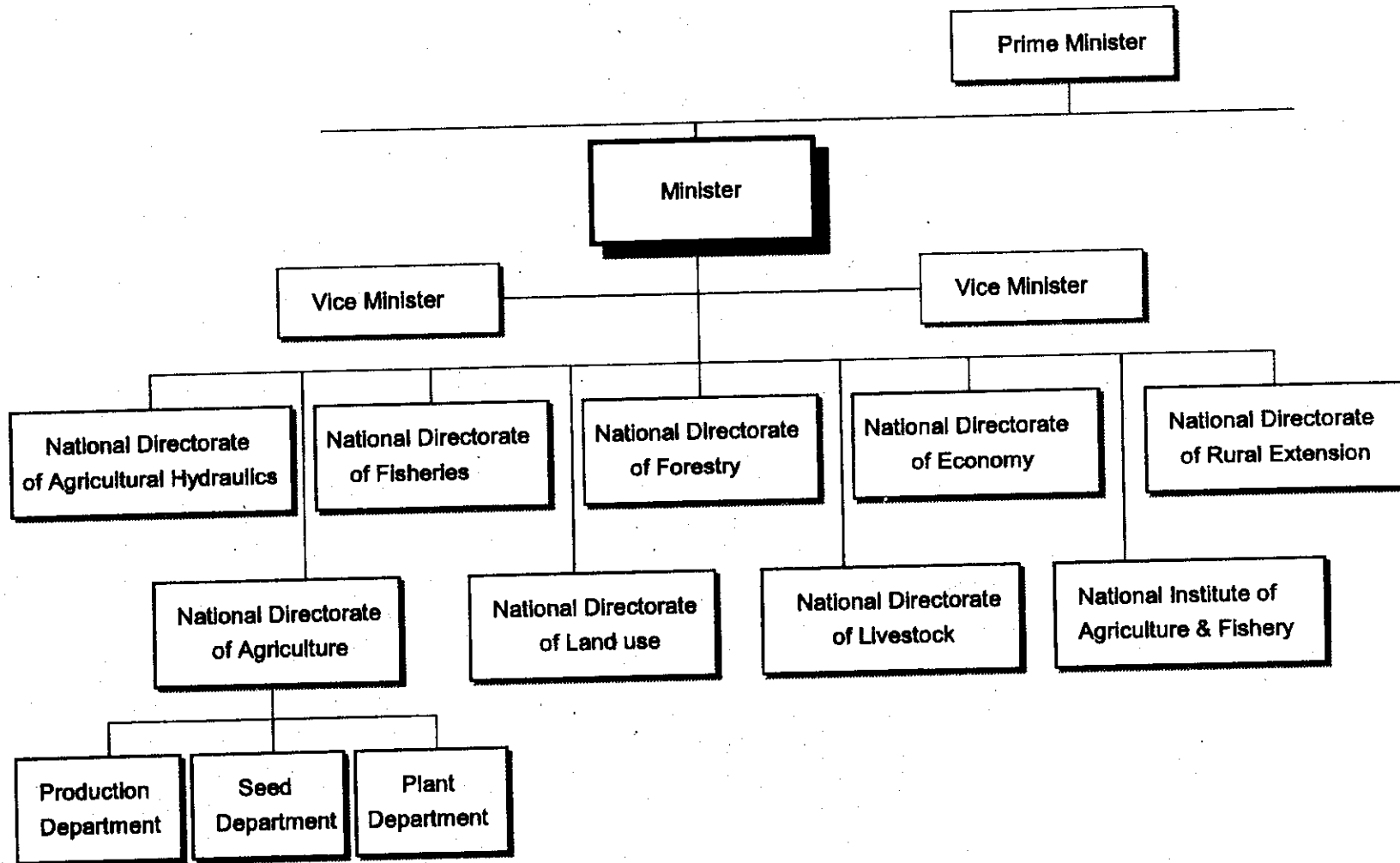


Figure 24. Organizational Structure of the Ministry of Mineral Resources and Energy

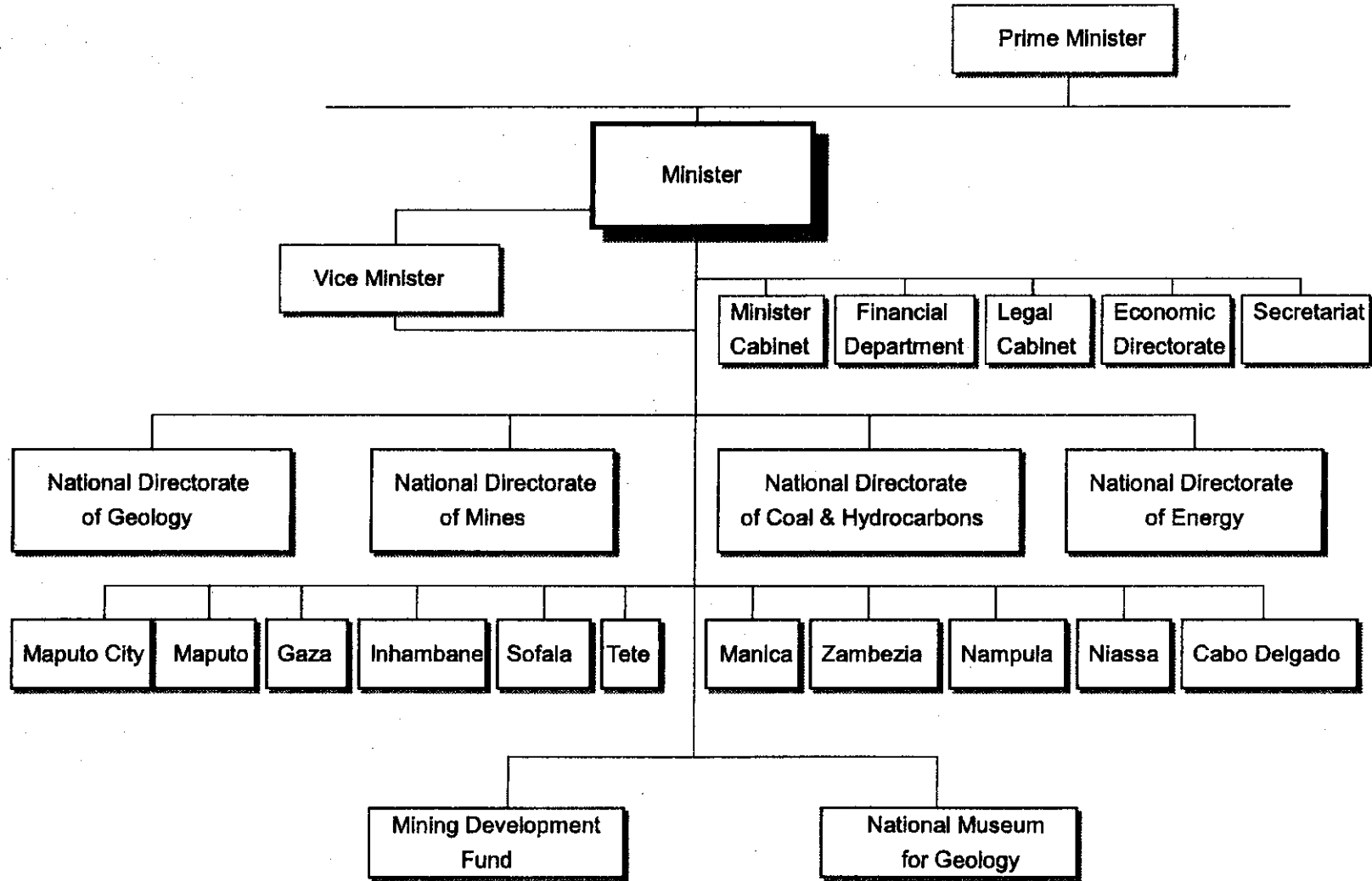
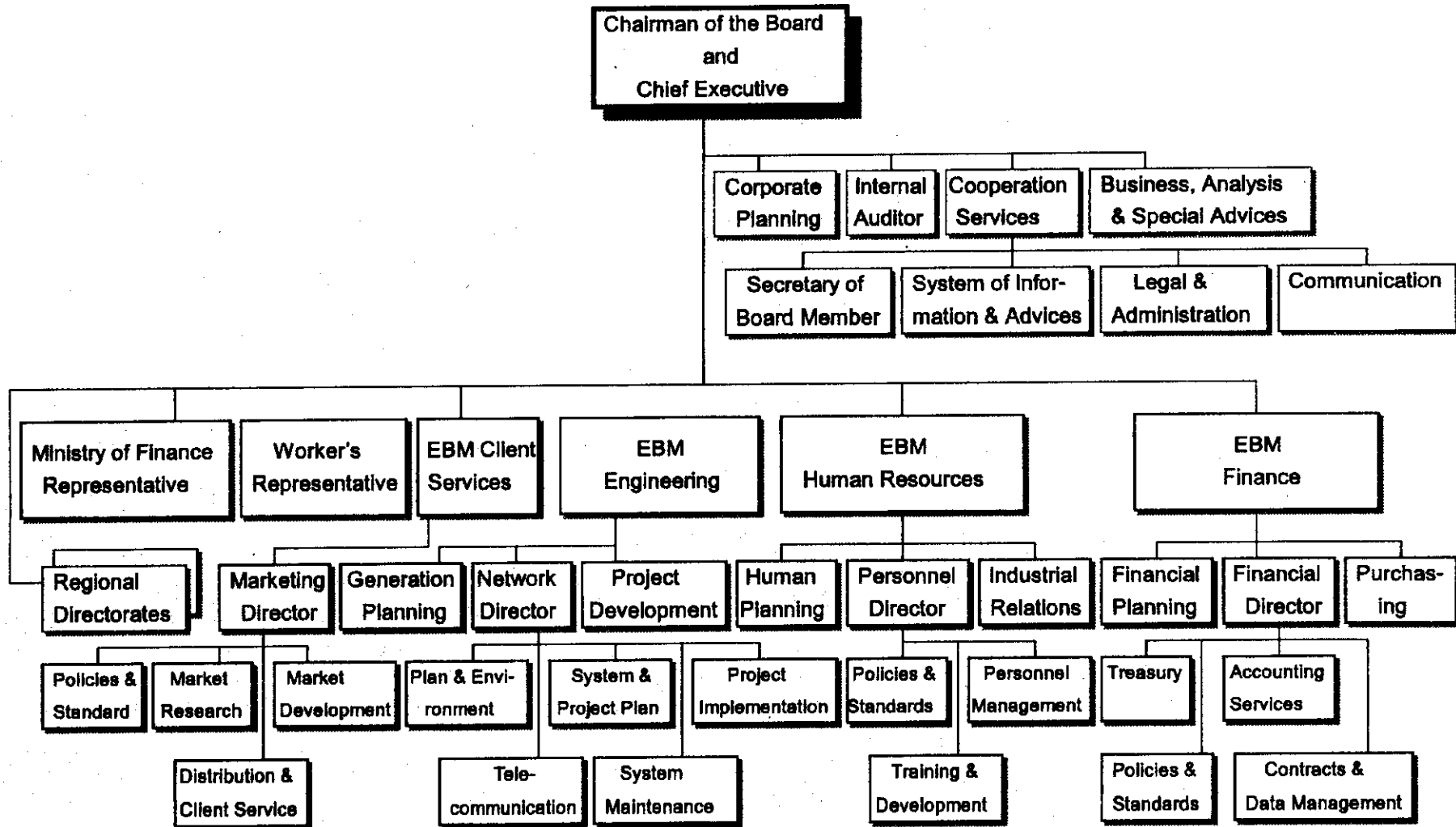


Figure 25. Organizational Structure of EDM



EBM: Executive Board Member.

Part 3: Finance for Development

Chapter 9. Financial Structure of Mozambique

The financial sector in Mozambique is characterized by (1) highly centralized public finance, (2) very weak local finance, (3) dependence on foreign aids, (4) weak roles of the banking system, and (5) virtual lack of stock market. These are further described below.

All the decision making related to development plans and budgets is done by central ministries, including those of the provincial finance, while the provincial government carries out the execution of decisions made centrally, control, inspect and report on them. Even information related to budgets is centrally controlled so that the provincial directorate for planning and finance does not have full knowledge of on-going investments.

The provincial government has some control on recurrent expenditures, but virtually no control on development expenditures. It depends almost totally on budget allocation by the central government, having no independent sources of revenue.

Official development aids of international donors are dominant sources of fund for development projects. NGO's financial contributions are also sizable, and some of them make direct contact with local levels: the provincial and even the district administrations. They support usually development expenditures in health, education and other sectors, but not recurrent ones.

The weakness of the banking system prevails in both fund raising and loan providing capacities. The stock market, as a direct fund raising mechanism, is virtually non-existent though there exist two open companies. These situations mean that the Country's finance depends largely on taxes and foreign aids, particularly for development finance.

Chapter 10. Central Finance

10.1. Macro Economy: Foundation of Finance

Table 10 compares macro economic performance of Mozambique with that of South Africa, its neighboring countries and China, a developing country, moving from the Soviet model with feature of the planned economy towards the market economy. Some problems are more easily found through the comparison.

The per capita GNP in Mozambique increased to US\$230 in 1999 still much lower than US\$3160 in South Africa and US\$780 in China. The gross national product in Mozambique is still very low but is on the increasing process. The per capita GDP in Mozambique was US\$260 in 1999. The GDP growth rate in Mozambique during the 1990's (1990-1999) averaged 6.3%. China attained higher GDP growth rates: 10.1% in the 1980s and 10.7% in the 1990's, but South Africa's GDP grew only at 2% annually on average in the last two decades. The GDP growth rate in Mozambique is higher than in South Africa partly because of relatively lower development level in Mozambique.

The agriculture value added average annual growth in the 1990's was lower than in the 1980s in Mozambique, but still 5.2%, and higher than in China (4.3%) and in South Africa (2.7%) during the same period. The industry value added annual growth in the 1990's was much higher than in the 1980s (-4.5%) in Mozambique. What was destroyed in the civil war is mainly the industry, not agriculture. The industry growth rate in the 1990's (9.9%) in Mozambique was lower than in China (14.4%), but much higher than in South Africa (0.9%). The service sector and exports had the same trend as the industry sector. average annual growth at 5.5% in the 1990's in Mozambique and only 2.4% in South Africa for services, and 13.4% in Mozambique, even higher than in China (13.0%), and much higher than in South Africa (5.3%) for exports. In the 1990's, the growth rate of the gross domestic investment in Mozambique (13.1%) was higher than in China (12.8%) and in South Africa (3.0%). All these indices show that the economic development in Mozambique in the 1990's was very fast.

The GDP structure changed significantly in Mozambique during the 1990's. The agriculture decreased its share from 37% in 1990 to 32% in 1997 and the industry increased from 18% to 24%, but the services sector stayed around 44%. Compared with China and South Africa, the industry sector in Mozambique was still quite weak in the 1990's.

From the demand structure of the GDP, the development in Mozambique from 1990 to 1999 was to some extent unbalanced. The private consumption was excessively large in Mozambique: 101% of the GDP in 1990 and decreased in 1999 but still 79%. The gross domestic savings was 12% in 1990 and 11% in 1999. In China, during the same period,

the private consumption was 50% between 1990 and 1999, and the gross domestic savings was very high and up to 38% in 1990 and further up to 42% in 1999. The two indices in South Africa were similar to ones in China but lower than in China. Excessive private consumption and low domestic savings are among the reasons for slow economic development in Mozambique.

Compared with 1990, the export of goods and services from Mozambique increased to US\$531 million in 1998 by 1.3 times during the nine years. The growth was much faster than in South Africa where it was only 27%, but slower than in China where the index was 2.6 times. However, the import to Mozambique was much higher than its export; in 1998 its export was US\$531 million and its import 1,132 million, more than twice as large. The structure of balance of payments in Mozambique is different from the ones of China and South Africa and was not reasonable. The unbalanced structure accounts for Mozambique's large deficit.

The composite ICRG risk rating is an overall index of investment risk in a country based on 22 components of risk. If the ratings is bellow 50, it indicates very high risk and above 80 very low risk. The index was 56.3% in Mozambique in March 2000, 72.3% in China and 70.5% in South Africa. The investment risk is high in Mozambique. The second is the institutional investor credit rating that shows a probability of a country's default, and a high number indicates a low probability of default. This index was 19.2% in Mozambique in March 2000, 56.6% in China and 45.2% in South Africa. The probability of default is relatively high in Mozambique.

10.2. National Finance

The revenues and expenditures of the overall Mozambique are shown in Table 11. The total revenues increased rapidly from 1995 to 1999 to reach US\$500 million 1999. Of the total revenue, tax revenues account for 92.4%, led by indirect taxes accounting for 63.5% of the total taxes, and the customs taxes with 18.2%. The high indirect tax proportion can be found from the hotel receipts with 17%.

The country spent twice as much as revenues in 1995 and 1999. Of the total expenditure, the current expenditure accounts for between 45% and 55%. To balance between the revenues and expenditures, Mozambique depends on foreign grants. The annual receipt of foreign grants averaged about Mt.2,600 billion in 1995 and increased to Mt.5,400 billion in 1999. Mozambique depends more or less 40% of the annual expenditure on foreign grants. Of the total expenditure in 1999, 47.3% was used on personnel, 26% on purchasing of goods and services, 16.3% on current transfer, and 5.1% on debt expense. The loan accounts for 90% of the total revenue of this nation.

10.3. Foreign Aids and Financial Flows

Foreign aids and financial flows play a very important role in development of the Country. The data on foreign aids in 1997-1999 are summarized in Table 12. As seen from the table, the average annual foreign aids in these three years totaled about US\$440 million, of which foreign official grants were by US\$320 million.

The net private capital flows into this nation was US\$37 million in 1997 and US\$209 million in 1998, and foreign direct investment was US\$35 million in 1977 and US\$213 million in 1998 (Table 10). The total external debt was US\$4,653 million in 1990, US\$5,991 million in 1997 and up to US\$8,208 million in 1998. The percentage of the external debt to GDP was 135% in 1997 and 74% in 1998, as compared to 15% in China and 19% and 18% in South Africa respectively. Table 10 also shows that ODA per capita in Mozambique was US\$58 in 1997 and US\$61 in 1998, while it was US\$12 in South Africa and only US\$2 in China. The percentage of ODA to GNP was respectively 29.6% and 28.2% in 1997 and 1998 in Mozambique, but only 0.2% and 0.3% in China and 0.4% in South Africa.

All these numbers point to only one thing. The economy and finance of Mozambique depend highly on foreign official and non-official aids and the capacity of making money by itself is very weak.

10.4. Exports and Imports

Data on exports in 1999 in Mozambique are shown in Table 13. The exports of the agricultural sector were US\$150 million accounting for 59% of the total export from Mozambique. Main export products are live animals and their products, vegetable products, animal and vegetable fat, wood and its products and cotton. Mineral materials and their products contributed US\$71 million accounting for 26% of the total export. The export of industrial products including food products, beverages and tobacco, textile products, metal products, machinery equipment and transport equipment were US\$35 million, or 13% of the total export. Manufacturing, reflecting technical capacity of a country, contributed only 13% for the Country and over 80% of the exports came from its selling of agriculture and mineral resources.

Mozambique's imports in 1999 are shown in Table 14. As shown, the agricultural sector imported US\$113 million, the mineral sector US\$81million and the industrial sector US\$385 million. Agriculture is the most important sector in Mozambique, accounting for 60% of its total export, and it imports US\$113 million, also the largest.

10.5. Banking System

Domestic credit provided by the banking sector was 15.6% of GDP in 1990 and decreased to 5.9% in 1999 in Mozambique. This ratio was 90% in 1990 and increased to 130.4% in

1999 in China, and 97.8% in 1990 and 73.4% in 1999 in South Africa. Table 15 shows average normal rates of lending and deposits as well as exchange rates of several main currencies. As seen from this table, the lending rate was about three times larger than the deposit rate. High lending risk seems to be one of the causes for the weak roles of the banking sector.

10.6. Finance of GPZ

Limited data are available on GPZ finance. Based on the annual report of 2000, the budget of GPZ expenditure in 2000 came mainly from the general budget of the Government, with a small part coming from foreign aid such as Kuwait Fund, Ford Fund, EU, SDI, and Development Bank of South Africa.

The budget of expenditure for the year 2000 and actual expenditure from January to September in 2000 are summarized in Table 16. As seen in the table, the total budget in 2000 was Mt.27,188 million, of which the salary was Mt.7,569 million, occupying 27.8% of the total budget. The largest part was the services, Mt.12,406 million, 45.6% of the total budget, which was used for transfer of GPZ headquarters from Maputo to Tete-Moatize.

The salary of GPZ staff is generally high, higher than the average level of the Central Government. The budget of monthly salary per capita was on the average US\$618.4, but the monthly salary per person was actually US\$621.3. The gap in salaries between the highest and the lowest is over six times; the salary of high-level staff is about US\$2,000 per month.

Development expenditures for projects basically depend on foreign aids. For example, a pilot rice project in Nante district, Nicoadala was a comparatively big one financed by Arabian Union, but even now the investment scale has not been clearly determined for all stages of the project.

Chapter 11. Local Finance

11.1. Tete Provincial Finance

Some data of the economic structure of Tete province as the foundation of its finance are summarized in Table 17. From this table, the agricultural sector contributed on the average 33.7% of the GDP, the industrial sector only 5.6% and the service sector 60.7% in the four years from 1996 to 1999. The most obvious characteristic of Tete province was its weak manufacturing industry. Together with the subsistence agriculture, per capita GDP in Tete was only about 54% of the national average.

The budgets of Tete province are shown in Table 18. The budgets cover those of the Government, the Tete provincial offices of the central organizations and the provincial legislation and justices. The budgets reflect the latest data of the last three years, but exclude personnel salaries.

The budget of the Government is increasing. This may reflect a trend of decentralization in the aspect of budget, but provincial finance is very weak. This shows in the two budgets of Tete province and GPZ. The expenditure budget excluding salary of GPZ in 2001 was Mt.19,619 million and that of Tete province was Mt.13,742 million in 2000 and Mt.42,422 million in 2001. The expenditure budget of GPZ in 2001 was larger than that of whole Tete province in 2000 and 46% of the Provincial budget in 2001. The GPZ expenditure was for 51 staff members while that of Tete provincial government was for several thousands of staff. There are 1,009 staff in provincial health departments alone including district and post levels.

There is one more case to prove the increasing trend of decentralization: an institutional reform in budgeting with the establishment of decentralized project budgets in several main sectors. The decentralized project budgets for health were Mt.2,085 million in 1999 and Mt.4,923 million in 2000, which were used mainly for rehabilitation and construction of some rural medical facilities. The project budgets for education in 1999, 2000 and 2001 were Mt.2,900, Mt.7,650 and Mt.1,688 million, respectively, mainly used for the second-level primary education (EP2) in some districts. The total money for decentralized projects were Mt.55,683 million in 2001, or US\$2.78 million. This trend of decentralized project budgeting is a good sign for development finance though it is still small at present.

11.2. Foreign-source Finances in Tete Province

Nongovernmental organizations (NGOs) and multi-lateral aid agencies work directly with the provincial government. They provide technical and financial assistances to some local projects. Examples include DANIDA's education program, World Food Program (WFP), European Community for Food Security, World Vision, the Presbyterian Church of Mozambique, Help Age International and Medecines sans Frontieres.

WFP financed US\$6,260 for Changara, Mutarara and Tete city in 2000. DANIDA Education with three funds planned for 15 projects in nine districts in 2001, which totaled Mt.10,328 million (US\$614,000). The Presbyterian Church of Mozambique provided Mt.278 million (US\$14,000) for three projects, and this organization planned to continue aid of Mt.1,445 million (US\$72,000) for six projects in 2001. The Help Age International is providing US\$306,250 for professional capacity training between 2001 and 2002, US\$7,440 for an eye clinic in 2001 and US\$41,726 for an emergency program in 2001. Based on the above data, the Tete provincial government received foreign-source aids for projects in such sectors as education, food and health, in total of US\$1.06 million mainly in 2001.

A calculation shows that the budget for development projects paid through the provincial government was about US\$2.78 million and that directly financed by foreign aid agencies was US\$1.06 million in 2001, in total of US\$3.84 million.

11.3. Finance in the Angonia Region

As explained in Chapter 9, the district administration does not have the right of decision-making in budget. Expenditures of the six districts of the Angonia region depend on the size of disbursement from the provincial government. The financial structure is quite simple at the district level. Of the three items of salary, goods and services, and investment, only salary and goods and services have actual budget. The investment budget is almost zero at the district level.

The basic workflow of the district finance is to provide an expenditure budget report to the provincial government for each year before June. The budget permitted by the Government is often 50-75% of its original budget and the other 35-50% comes from local incomes such as market management charges.

The data of actual expenditure of the three districts were received during the field survey. The three districts were selected mainly because the income level of Macanga district is considered high while that of Tsangano is lower. Moatize is just in the middle between the two other districts. These data are summarized in Table 20. As shown in the table, the actual expenditure in Macanga district was the largest at Mt.1,528 million, and 4.5 times as much as that of Tsangano, whose expenditure was only Mt.342 million, a poorest district in the Angonia region. Monthly income (including wage and others) of local officials in Macanga averaged US\$138.5 while only US\$45 in Tsangano. The Moatize district was in the middle with its official income per capita at US\$92.

11.4. Finance of Tete and Moatize Municipalities

Regarding the financial situations of the two municipalities there are not much data available. The only data obtained was the financial budget and actual expenditure of the

Moatize municipality excluding official salaries, as shown in Table 21.

The actual expenditure of the Moatize municipality was Mt.194 million in 1999, Mt.257 million in 2000 and Mt.107 million in the first half of 2001. The actual expenditure was US\$16,000 in 1999 and US\$13,000 in 2000. These amounts were too small for a city with about 20,000 of urban population. It can be concluded that the financial capacity of the two municipalities is too weak to do anything.

Chapter 12. Farmers' Financial Capacity

In China, an obvious characteristic in rural areas is powerful private investment activities from Chinese farmers. Their private capitals constitute an important part of Chinese financial resources. To examine the financial capacity of farmers in the Angonia region, two farmers in the Domue in Angonia district and a farmer in the Tsangano district were interviewed as a case study.

Farmer A in Domue has two houses and two storages for maize. One house has a floor space of 72m² and the other, 63m², both of which are constructed from brick, cement and wood. These houses are considered to be the most stable structure in the district post. The construction cost for the 72m² house was Mt.25 million and for the 63m² house, Mt.20 million. The size of the maize storage was 24m² and its construction cost was Mt.4 million. These two houses were built between 1998 and 2000.

Farmer A has one cart for transport, four bicycles, one sewing machine and several farming implements such as plough, and he keeps two cows, 25 sheep and about 60 chickens. He is renting 20 ha land from the Government and pays agricultural tax annually to the Government. He pays this tax twice a year with Mt.150,000 each for a total of Mt.300,000 per year.

Main crop is maize that is the most important income source. He can produce 35 tons of maize a year and sells his maize to Malawi and domestic markets. His income from maize in the last year was 175,000 Malawian kwacha (Mk), equal to Mt.44 million. He has some additional income from his sheep and chickens, and his total income was Mt. 50 million in 2000.

The expenditure of Mt.50 million was about 45% for reproduction including hiring five long-term part time farmers, 35% for others including goods purchasing and education for the children. About 20% retains as surplus.

Farmer A said that he believed that the civil war would not occur again and therefore was planning to rent additional 30ha of land to expand his farmland in the second half of 2001. In addition, he would like to purchase some animals in 2002. According to the president of this locality, his standard of living is considered better than the average in the area.

Farmer B is also a typical farmer in the area. Only he and his wife are on his farm. He has one house, which has been under construction since 1998. The floor space of the house is about 63m² and the construction cost was Mk180,000, about Mt.45 million. In addition, he has an independent kitchen of 12m², which is valued at Mt.1.0 million, and one maize storage of 4m². He has five bicycles, three watches, three radios, and owns three cows, five sheep, three pigs, six ducks, and 12 chickens.

Farmer B is renting three hectare of farmland from the Government and pays agricultural

tax annually. His main crops are maize and tobacco. He produced 2.7 tons of maize in 2000 and sold his maize to Malawi and domestic markets. His income from maize was Mk21,600, equal to Mt.5.4 million. He also sold 800kg of tobacco, earning Mk80,000. Adding some other incomes, his total income was Mt.28 million in 2000.

From the revenue of Mt.28 million, Mt.13.8 million was spent for fertilizer, salary for three part-time farmers, and farm reproductions. Mt.14.2 million was spent for his household expenses, of which about Mt.4 million was for food, Mt.1.5 million for education, Mt.0.5 million for social activities, and Mt.1.2 million for other expenses, with Mt.7 million remaining. The remaining money was used to finish his house and to grow vegetables. According to the president of this locality, Farmer B's level of living is middle.

Angonia district is the most developed in Tete province. Farmers in the district are relatively wealthier than in other districts. One more case is selected from Tsangano district, which is one of the poorest districts in the Study Area.

Farmer C has three old houses and he is currently constructing a new house, which is built of wood and earth. He built them by himself at the cost of about Mt.5 million. In addition he has three storages for potato, maize and grain, which are valued in total at Mt.4 million. He owns a cart, two bicycles, two radios, some cows, chickens, and other animals.

His main crops are potato and wheat, and he produces maize mainly for family consumption. Potato is his largest income source. Potato is harvested four times a year. The yield of potato last year was 80 bags in total. A bag of potato is sold at Mk3,500 at a Malawian market while the farm gate price is Mk1,500. He sold 60 bags of potato at the gate and another 20 bags at the Malawian market, earning a total of Mt.40 million. He harvested 15 bags of wheat last year. A bag of wheat is sold at Mk1,500 at the gate and he earned Mk5.6 million last year. Adding some other incomes, his total income in 2000 was Mt.50 million. Because of his large family, his income per family member is lower than that of Farmer A or B. In terms of living conditions, Farmer A represents about 20% of the farmers in the Angonia region while Farmer B and C represent 60-70%.

Chapter 13. Conclusions

Based on the analysis above, the basic situation of the financial sector in Mozambique is that its financial revenue is practically all for current expenditures and it is not sufficient even for current expenditures due to its very weak industrial sector, unbalanced export and import, weak banking system, and lack of direct investment market. Development finance in the Country depends almost totally on foreign aids, both official and non-official. This situation cannot be changed in a short time.

Given this situation, all the large and medium scale projects proposed in the Angonia region in the near future will have to rely almost completely on foreign aids and foreign private investments. It is vitally important, therefore, to establish such a set of organizations and institutions that would allow enlarged inflow of foreign capital into the region.

Even for implementing small projects, the way of thinking of local people must be changed to fit open society and market-oriented economy. Only then, some soft projects for training and enlightening activities will be effective. Local leaders should be mobilized and the majority of local farmers motivated to pursue planned and sustained self-help endeavors, rather than just waiting for financial and other supports from the provincial and the central governments.

Local governments and political parties will also play important roles in mobilizing farmers. As presented in the previous chapter, some farmers in fact are well enough to make sizable surplus in their incomes, and more farmers are willing to contribute whatever small fund or labor to building economic infrastructure in their communities. Problems are not farmers themselves, but a key is to provide policies and incentives to mobilize farmers and leadership of local officials.

Table 10. Economy and Economic Structure of Mozambique Compared with China and South Africa (1/2)

			Mozambique	China	South Africa
1. Size of the economy					
Gross National Product	1998	US\$ mil.	3,600	928,900	119,000
	1999		3,900	980,200	133,200
GNP Per Capita	1998	US\$1	210	750	2,880
	1999		230	780	3,160
2. Growth of the economy					
Gross Domestic Product	1998	US\$ mil.	3,959	960,924	116,730
	1999		4,169	991,203	131,127
GDP Average Annual Growth	80-90	%	(0.1)	10.1	1.0
	90-99		6.3	10.7	1.9
Agriculture Value Added	80-90	%	6.6	5.9	2.9
	90-99		5.2	4.3	2.7
Industry Value Added	80-90	%	(4.5)	11.1	0.0
	90-99		9.9	14.4	0.9
Service Value Added	80-90	%	9.1	13.5	2.4
	90-99		5.5	9.2	2.4
Exports of Goods & Services	80-90	%	(6.8)	19.3	1.9
	90-99		13.4	13.0	5.3
Gross Domestic Investment	90-99	%	13.1	12.8	3.0
3. Structure of output					
Agriculture Value Added as % of GDP	1990	%	37.0	27.0	5.0
	1999		32.0	17.0	4.0
Industry Value Added as % of GDP	1990	%	18.0	42.0	40.0
	1999		24.0	50.0	32.0
Service Value Added as % of GDP	1990	%	44.0	31.0	55.0
	1999		44.0	33.0	64.0
4. Structure of demand					
Private Consumption as % of GDP	1990	%	101.0	50.0	63.0
	1999		79.0	50.0	63.0
Government Consumption as % of GDP	1990	%	12.0	12.0	20.0
	1999		10.0	8.0	19.0
Gross Domestic Investment as % of GDP	1990	%	16.0	35.0	12.0
	1999		35.0	40.0	16.0
Gross Domestic Savings as % of GDP	1990	%	(12.0)	38.0	18.0
	1999		11.0	42.0	18.0
Exports of Goods & Services as % of GDP	1990	%	8.0	18.0	24.0
	1999		13.0	22.0	25.0
5. Balance of payments, current account and international reserves					
Export of Goods & Services	1990	US\$ mil.	229	57,374	27,119
	1998		531	207,584	34,526
Imports of Goods & Services	1990	US\$ mil.	996	46,706	21,017
	1998		1,132	165,894	32,687
Net Income	1990	US\$ mil.	(97)	1,055	(4,096)
	1998		(141)	(16,644)	(3,029)
Current Account Balance	1990	US\$ mil.	(415)	11,997	2,065
	1998		(429)	29,325	(1,936)
Gross International Reserves	1990	US\$ mil.	232	34,476	7,888
	1999		654	157,728	5,508

Table 10. Economy and Economic Structure of Mozambique Compared with China and South Africa (2/2)

		Mozambique	China	South Africa
6. Private sector finance				
Private Investment as % of Gross	1990	%	33.8	65.6
Domestic Fixed Investment	1997		47.5	72.7
Stock Market Capitalization	1990	US\$ mil.	2,028	137,540
	1999		330,703	262,478
Listed Domestic Companies	1990		14	732
	1999		950	668
Domestic Credit Provided by the Banking Sector as % of GDP	1990	%	15.6	90.0
	1999		6.2	130.4
7. Role of government in the economy				
Composite ICRG Risk Rating	200003	%	56.3	72.3
Institutional Investor Credit Rating	200003	%	19.2	56.6
Individual Highest Marginal Tax Rate	1999	%	20.0	45.0
Corporate Highest Marginal Tax Rate	1999	%	35.0	30.0
8. International trade				
Merchandise Exports	1990	US\$ mil.	126	62,091
	1998		210	183,809
Merchandise Exports as % of Total	1990	%	72.0	22.0
	1998		17.0	87.0
Exports of Commercial Services	1990	US\$ mil.	103	5,748
	1998		286	24,040
Merchandise Imports	1990	US\$ mil.	878	53,345
	1998		910	140,237
Merchandise Imports as % of Total	1990	%	80.0	77.0
	1998		62.0	81.0
Imports of Commercial Services	1990	US\$ mil.	206	4,113
	1998		396	28,775
9. Aid and financial flows				
Net Private Capital flows	1990	US\$ mil.	35	8,107
	1997		37	60,828
	1998		209	42,676
Foreign Direct Investment	1990	US\$ mil.	9	3,487
	1997		35	44,236
	1998		213	43,751
Total External Debt	1990	US\$ mil.	4,653	55,301
	1997		5,991	146,697
	1998		8,208	154,599
External Debt as % of GDP in Present Value	1997	%	135.0	15.0
	1998		74.0	15.0
ODA Per Capita	1990	US\$1	71.0	2.0
	1997		58.0	2.0
	1998		61.0	2.0
ODA as % of GNP	1990	%	42.4	0.6
	1997		29.6	0.2
	1998		28.2	0.3

Source: *World Development Report 1999/2000* and *2000/2001*.

Table 11. Central Government Finances of Mozambique

(MT billion)

Items	1995	1996	1997	1998	1999
Total revenue	2,411.5	3,478.9	4,585.4	5,310.4	6,207.0
Tax revenues	2,200.5	3,193.2	4,302.2	4,946.0	5,732.9
income taxes	400.0	633.0	878.6	951.0	866.8
indirect taxes	1,151.5	1,731.9	2,388.4	2,865.7	3,637.5
customs taxes	579.0	688.3	812.3	951.1	1,045.9
other taxes	70.0	140.0	222.9	178.2	182.7
Nontax revenue	211.0	285.7	283.2	364.4	474.1
Total expenditure	5,052.5	6,771.7	9,077.0	9,850.5	11,594.0
Current expenditure	2,189.5	3,076.7			6,332.8
Balance before grant	-2,747.0	-3,292.8	-4,491.5	-4,540.1	-5,964.0
Grants received	2,090.0	2,291.0	3,233.0	2,862.0	5,408.0
Overall balance	-657.0	-1,001.8	-1,258.5	-1,678.1	-556.0
Financing	656.0	1,002.0	1,221.0	1,679.0	557.0
External financing	816.0	1,377.0	1,817.0	1,813.0	960.0
Domestic financing	-160.0	-375.0	-596.0	-134.0	-403.0

Source: Mozambique: National Human Development Report 1999 and 2000.

Table 12. Foreign Aids in Mozambique, 1997-1999

Item	1997	1998	1999
Grants received			(MT billion)
for projects	1,984	1,871	2,285
for others	1,249	991	3,123
Sub-total	3,233	2,862	5,408
Foreign financing			
for projects	1,826	1,641	1,298
for others	414	671	
Amortization	423	499	338
Sub-total	1,817	1,813	960
Total	5,050	4,675	6,368
Exchange MT/US\$	11,406.3	11,851.8	12,673.3
Grants received			(US\$ million)
for projects	173.9	157.9	180.3
for others	109.5	83.6	246.4
Sub-total	283.4	241.5	426.7
Foreign financing			
for projects	144.1	129.5	102.4
for others	32.7	52.9	
Amortization	33.4	39.4	26.7
Sub-total	143.4	143.0	75.7
Total	426.8	384.5	502.5

Table 13. Exports in Mozambique, 1999

Product type and description	Value (US\$1,000)	% of main product	% of total 11 types
Agricultural products			
1 Live animals and products	75,136		27.7
Aquatic products	74,768	99.5	
2 Vegetal products	49,198		18.2
Fruits	40,208	81.7	
3 Animal and vegetal fat	5,492		2.0
Sugar and sugar confectionery	5,506	49.1	
4 Wood and products	9,223		3.4
Wood and articles of wood; wood charcoal	9,186	99.6	
5 Cotton	19,991		7.4
1-5 Agricultural products (in a broad agriculture)	150,050		58.7
Mineral products			
6 Mineral products	70,704		26.1
Mineral fuels, mineral oils and products	67,807	95.9	
Industrial products			
7 Food products, beverages and tobacco	11,216		4.1
8 Textile products	6,671		2.5
9 Metal and products	2,965		1.1
Iron and steel	1,507	50.8	
10 Machinery, equipment, electrical machinery	8,295		3.1
Nuclear reactors, boilers, machinery and mechanical appliances	6,646	80.1	
11 Transport equipment	5,615		2.2
Vehicles excluding railways or tramway rolling-stock	5,106	86.3	
7-11 Industrial products	34,762		12.9
11 product types in total	255,516		97.7
Total value of export products	263,419		100.0

Source: *Statistical Yearbook 1999, Mozambique*.

Table 14. Imports in Mozambique, 1999

Product type and description	Value (US\$1,000)	% of main product	% of total 10 types
Agricultural products			
1 Live animals and products	13,306		1.9
2 Vegetal products	78,221		11.4
Cereals	68,168	87.2	
3 Animal and vegetal fat	21,602		3.2
1-3 Agricultural products (in a broad agriculture)	113,129		16.5
Mineral products			
4 Mineral products	80,944		11.8
Mineral fuels, mineral oils and products	73,919	91.3	
Industrial products			
5 Food products, beverages and tobacco	31,923		4.7
6 Textile products	30,912		4.5
7 Metal and products	34,838		5.1
8 Machinery, equipment, electrical machinery	109,852		16.0
9 Chemical industry	39,241		5.7
10 Transport equipment	177,761		25.9
Vehicles excluding railways or tramway rolling-stock	173,725	97.7	
5-10 Industrial products	385,286		62.0
10 products in total	579,359		90.3
Total value of export products	641,807		100.0

Source: *ibid.*

Table 15. Interest Rates and Exchange Rates at Banks

Annual Average Exchange Rates in Bank of Mozambique						
		1996	1997	1998	1999	2000
United States	Dollar	11139.7	11406.3	11851.8	12673.3	
South Africa	Rand	2719	2532	2210.4	2591	
Portugal	Escudo	72.2	65.6	66.4	76.5	
Japan	Yen	102.1	94.5	91.2	104.7	
Average Normal Interest Rates 1998-99						
Bank lending		Minimum rate		Max. rate		Prima rate
	1998	24.14		29.93		24.67
	1999	22.06		29.13		19.16
On deposits		Up to 180 days		One year		Over 1 year
	1998	7.86		8.91		9.55
	1999	7.86		8.91		9.55

Table 16. Budget and Expenditure of GPZ

(Unit: MT)

Expense item	Budget 2000	Actual expenditure Jan-Sep. 2000		Ratio of actual exp. to budget
Salary	7,569,000,000	5,703,326,833	30.81%	75.35%
Other expenses	1,520,865,000	1,121,789,738	6.06%	73.76%
Goods	823,311,111	762,769,573	4.12%	92.65%
Services	12,406,307,000	7,523,768,809	40.65%	60.64%
Equipment	4,868,717,000	3,398,214,338	18.36%	69.80%
Total	27,188,200,111	18,509,869,291	100.00%	68.08%

Source: Annual report of GPZ, 2000.

Table 17. Tete Province's GDP: Percentage Structure

Sectors	1996	1997	1998	1999
1 Agriculture	25.70	21.22	23.70	25.60
2 Livestock	5.73	6.22	1.60	3.20
3 Forestry	2.45	3.67	5.30	4.10
4 Fisheries	2.46	1.64	0.90	1.30
Sub-total: broad agriculture (1-4)	36.34	32.75	31.50	34.20
5 Mining	0.00	0.00	0.00	0.10
6 Manufacturing industry	4.76	4.72	6.70	6.40
7 Electricity and water	4.56	8.12	1.20	1.30
8 Construction	2.84	2.67	3.60	4.10
9 Transport and Communications	8.15	11.61	7.70	7.30
10 Commerce	26.86	21.58	25.50	24.00
11 Restaurants and hotels	1.26	1.59	1.00	0.80
12 Public administration and defence services	2.78	3.18	4.30	3.90
13 Financial and insurance services	3.94	1.21	3.30	2.30
14 Real estates, renting and business activities	3.44	4.36	3.90	2.90
15 Education services	1.59	1.75	2.40	2.30
16 Health services	0.57	0.64	0.70	0.60
17 Other services	2.92	5.83	7.70	10.50
Sub-total: broad services (7-17)	58.91	62.54	61.30	60.00
Gross value added by activity	97.08	100.00	99.60	99.80
GDP by production	100.00	100.00	100.00	100.00
Real GDP (MT billion)	1,322.00	1,585.00	1,592.00	1,813.00
MT/US\$	11,139.70	11,406.30	11,851.80	12,673.30
Real GPD (US\$ million)	118.67	138.96	134.33	143.06
Real per capita GDP US\$ at Tete	99.00	113.00	107.00	111.00
Real per capita GDP US\$ at national level	187.00	198.00	209.00	205.00
Ratio of Tete to national level	0.53	0.57	0.51	0.54

Source: UNDP, Mozambique: Human Development Report 1999 and 2000.

Table 18. Budget of Expenditure in Tete Province, 1999-2001 (1/4)

Department	1999	2000	2001
Provincial Government System			
01 Governor cabinet			
Equipment purchasing	269,800,000	100,000,000	
Fence construction		195,000,000	195,000,000
Computers			90,000,000
Building rehabilitation			550,000,000
02 Directorate of plan & finance			
Information equipment		563,400,000	450,000,000
Office improvement	250,000,000	350,000,000	500,000,000
Facilities improvement		404,410,000	
Custom facilities improvement			2,000,000,000
Other investments			3,000,000,000
03 Directorate of industry, commerce & tourism			
Construction of the Angonia DICT office building	400,000,000		
Construction of the Angonia DICT residence		600,000,000	100,000,000
04 Directorate of mineral resources and energy			
Electricity in Furancungo etc	400,000,000		
Rehabilitation of residence		328,000,000	
Electricity in Fingoe		440,000,000	
Electricity in Magoe & Mucumbura			560,000,000
05 Directorate of public works & housing			
Water facilities construction	266,000,000		
Office furniture			60,000,000
Rehabilitation of road between Tete and Tsangano			1,500,000,000
Sanitation facilities in Baixo Custo		470,550,000	200,000,000
06 Directorate of transport & communications			
Office furniture	70,000,000		280,000,000
Office furniture in Zumbo	30,000,000		
Office building rehabilitation in Macanga		460,000,000	
Rehabilitation of residence of the director			350,000,000
07 Directorate of environment			
Related facilities in some districts	130,000,000	480,000,000	100,000,000
Environment education			50,000,000
Rural environment program	88,000,000	126,000,000	354,600,000
Trees protection			300,000,000
Office equipment			25,000,000
Program of natural resources			100,000,000
Sub-total	1,903,800,000	4,517,360,000	10,764,600,000

Table 18. Budget of Expenditure in Tete Province, 1999-2001 (2/4)

Department	1999	2000	2001
08 Directorate of health			
Rehabilitation of the health center in Zumbo			1,598,000,000
Rehabilitation of rural hospital in Songo			400,000,000
Construction of health & residence in Marowara		1,035,831,000	1,252,000,000
Construction of health office in Magoe		670,000,000	670,000,000
Construction of health office in Zumbo		1,251,250,000	1,252,000,000
Construction of health center in Moatize		1,251,250,000	1,250,888,889
Construction of health staff residence		499,250,000	500,000,000
Rehabilitation of health staff residence			900,000,000
PBX equipment in provincial office			2,300,000,000
Rehabilitation of Tete health facilities			55,555,556
Construction of health facilities in Chitholo			492,000,000
Rehabilitation of health facilities in Cahora-Bassa			62,000,000
Construction of health facilities in Chitete			120,000,000
Construction of health facilities in Tete			120,000,000
Construction of health facilities in Mitunda			120,000,000
Rehabilitation of water facilities in Zobue			400,000,000
Construction of health facilities in Canjanda			1,251,000,000
Office equipment			1,900,000,000
09 Directorate of education			
Construction of office in Zumbo			620,000,000
Rehabilitation of a school in Songo		400,000,000	400,000,000
Construction of EP2 in Tete		650,000,000	3,000,000,000
Construction of a school in Nguabi		250,000,000	250,000,000
Construction of office in Moatize			620,000,000
Construction of office in Tsangano			700,000,000
Rehabilitation of a school in Matundo			2,500,000,000
Rehabilitation of a school in Pacassa			260,000,000
10 Directorate of Labor			
Rehabilitation of a training center		500,000,000	300,000,000
Office equipment			100,000,000
Sub-total	0	6,507,581,000	23,393,444,445

Table 18. Budget of Expenditure in Tete Province, 1999-2001 (3/4)

Department	1999	2000	2001
11 Directorate of interior affairs			
Office equipment	50,000,000		220,000,000
Office equipment in Magoe	360,000,000		
Office equipment in Maravia	70,000,000		
Office equipment in Maravia(2)	100,000,000		
Rehabilitation of office building in Nsadzo	170,000,000	555,140,000	
Office equipment in Magoe(2)	50,000,000		
Construction of staff residence in Nsadzo	190,000,000		
Construction of staff residence in Macanga(2)	300,000,000		
Office equipment in Macanga	200,000,000		
Rehabilitation of staff residence in Cahora-Bassa	300,000,000		
Office equipment in Cahora-Bassa	24,000,000		
Rehabilitation of office building in Chiuta	300,000,000		
Construction of staff residence in Chioco	350,000,000		
Office equipment in Macanga(2)	200,000,000		
Office equipment in Zumbu	50,000,000		
Office equipment in Chifunde		380,000,000	
Office equipment in Chifunde(2)		175,140,000	
Construction of staff residence			2,000,000,000
Construction of post staff residence			2,390,000,000
Construction of post staff residence(2)			2,404,000,000
12 Directorate of culture & sports			
Construction of a cultural facility	300,000,000	367,000,000	
13 Directorate of veteran affairs			
Rehabilitation of some facilities	200,000,000		
Office equipment	100,000,000		
14 Directorate of register & notarization			
Office equipment in Macanga	100,000,000		
Communication equipment	50,000,000		
Communication facilities		400,000,000	
Office furniture			100,000,000
15 Directorate of coordination of social activity			
Construction of 12 cases districts	400,000,000	500,000,000	500,000,000
Office equipment			100,000,000
16 Department of provincial statistics			
Office equipment	90,000,000		
17 Department of provincial broadcast			
Broadcast equipment	340,000,000	340,000,000	99,520,000
Rehabilitation of broadcast in Angonia			100,000,000
Rehabilitation of broadcast in Macanga			350,000,000
Sub-total	4,294,000,000	2,717,280,000	8,263,520,000
Total of the Government	6,197,800,000	13,742,221,000	42,421,564,445

Table 18. Budget of Expenditure in Tete Province, 1999-2001 (4/4)

Department	1999	2000	2001
Offices of the Central Organizations			
01 Office of national institute of statistics			
Office equipment	90,000,000		51,000,000
02 Office of Natural Management & Disaster			
Office furniture		27,750,000	
Construction of office building		412,700,000	
Office equipment			100,000,000
Emergency fund			1,720,000,000
03 Office of social communications			
Radio communications	50,000,000		
Radio communications(2)	50,000,000		
Copy machine		60,000,000	60,000,000
Communication equipment			250,000,000
Total of offices of the central	190,000,000	500,450,000	2,181,000,000
Legislature & Justices			
01 Assembly			
Information equipment	50,000,000		
Other equipment			92,000,000
02 Court			
Construction of district court in Magoe	475,000,000		
Rehabilitation of facilities			250,000,000
03 Military court			
Office equipment		200,000,000	
04 Law office			
Office construction in Mutarara	475,000,000		
Institutional development		799,888,889	811,000,000
05 Military law office			
Office equipment			270,000,000
Office furniture			150,000,000
	1,000,000,000	999,888,889	1,573,000,000

Source: Data from the provincial directorate of planning and finance.

Table 19. Budget of DANIDA Education in 2001

Projects	District	Special fund	Education fund	Scholar fund	Total
DPE	Tete	4,300,000,000			4,300,000,000
DDE	Moatize		350,000,000		350,000,000
Rehabilitation of EP-C	Magoe		436,000,000	436,000,000	872,000,000
Rehabilitation of EP-I	Changara		163,000,000	163,000,000	326,000,000
Rehabilitation of EP-C	Chifunde		361,000,000	361,000,000	722,000,000
Rehabilitation of EP-C	Tsangano		209,000,000		209,000,000
Rehabilitation of facilities	Mutarara		439,000,000		439,000,000
Rehabilitation of EP-C	Angonia		500,000,000		500,000,000
Construction of EP-I	Angonia		800,000,000		800,000,000
Rehabilitation of EP-I	Zumbo		450,000,000	450,000,000	900,000,000
Rehabilitation of EP-I	Cahora-Bassa			400,000,000	400,000,000
Rehabilitation of EP-I	Changara			510,000,000	510,000,000
Total		4,300,000,000	3,708,000,000	2,320,000,000	10,328,000,000

Source: Based on annual analytic report of activities carried out by NGOs in Tete in 2001.

Table 20. Actual Expenditure of Three Districts in 2000

	No. of officials	Salary	Goods & services	Investment	Total	Salary per capita per month in US\$ (\$1=MT20,000)
Macanga	26	864,000,000	664,750,000	0	1,528,750,000	138.5
Moatize	34	572,677,000	305,039,000	0	877,716,000	91.8
Tsangano	15	282,446,870	59,200,000	0	341,646,870	45.3
Total	75	1,719,123,870	1,028,989,000	0	2,748,112,870	

Source: Based on the field survey by JICA Study Team.

Table 21. Expenditure Budget and Actual Expenditure in the Moatize Municipality

Description	1999	2000	2001	Total
Actual expenditure				
01 Acquisition of one motorcycle		58,552,000		58,552,000
02 Construction of two latrines		23,523,000	43,791,000	67,314,000
03 Construction of fences		85,000,000		85,000,000
04 Rehabilitation of governor house		85,000,000		85,000,000
05 Traffic signals on the road No 103		4,982,000		4,982,000
06 Construction of porches	18,587,800		35,940,000	54,527,800
07 Purchase of one tractor	132,550,000			132,550,000
08 Acquisition of two pumps	42,969,000			42,969,000
09 Acquisition of four tires & tubes			10,000,000	10,000,000
10 Engines repairing			9,500,000	9,500,000
11 Acquisition of two engines			8,014,500	8,014,500
Total	194,106,800	257,057,000	107,245,500	558,409,300
Expenditure budget including wages	1,134,707,500	1,190,832,257	2,325,539,757	
Expenditure budget excluding wages	363,106,400	381,066,322	744,172,722	
Ratio of actual to budget	0.53	0.67	0.86	

Sources. Based on the field survey by JICA Study Team.

Rate of wage is estimated according to an average value of 68% of total budget.

Values in 2001 are of January-June.

JICA