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United Nations Industrial
Development Organization



Republic of Mozambique

**INTEGRATED INDUSTRIAL DEVELOPMENT
PROGRAMME TO FACILITATE
PRIVATE SECTOR DEVELOPMENT IN
MOZAMBIQUE**

Report of the evaluation mission*

**United Nations Industrial Development Organization
Vienna, Austria**

*This document has not been formally edited.

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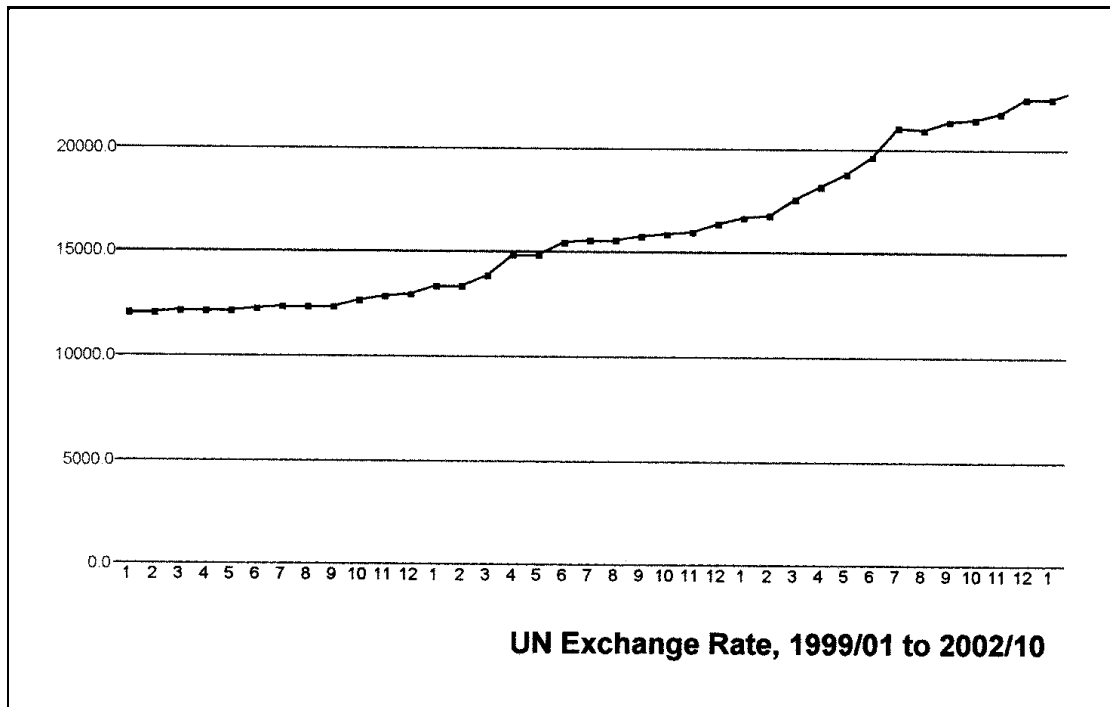
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Explanatory Notes

Unless otherwise stated, the units of measure used in the report are those sanctioned by the International System of Units (SI).

The monetary unit of Mozambique is the Metrical (MZM). In October 2002 its value in relation to the United States Dollar (USD) was MZM 23,325 - to one USD and its evolution during the period covered by the report (January 1999-October 2002), all in accordance with the UN operational rate of exchange, is:



Map of Mozambique



MAP NO. 3706 UNITED NATIONS
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Acronyms and Abbreviations

AIMO	Industrial Association of Mozambique
ACIZA	Commercial and Industrial Association of Zambezi
APSSS	Association of Salt Producers
BU	Balcão Único (One Stop Shop)
BDS	Business Development Services
CADI	Advisory Centre for Industrial Development
CPI	Investment Promotion Centre
CTA	Confederation of Mozambican Business Association
DNI	National Directorate of Industry (MIC)
DPIC	Provincial Directorate of Industry and Commerce
FAP	Food Action Plan
FDI	Foreign Direct Investment
FOODPROTEC	Food Processing Technology Centre
FIAS	Foreign Investment Advisory Services (World Bank/IFC)
FPGM	Focal Point of the Government of Mozambique (PSSP)
FSIS	Food Safety and Inspection Service
GAPI	Cabinet for the Support of Small Industry
GDP	Gross Domestic Product
GPZ	Cabinet for the Promotion of the Zambezi Valley
HRD	Human Resource Development
INE	National Institute of Statistics
INIA	National Institute of Agronomic Research
INNOQ	National Institute of Standardization and Quality
IP	Integrated Programme
IPS	Investment Promotion Service
IPEX	Institute of Export Promotion
MADER	Ministry of Agriculture and Rural Development
MCAC	Ministry of Social Welfare Coordination
MESCT	Ministry of Higher Education, Science and Technology
MIC	Ministry of Industry and Commerce
MICOA	Ministry of Environmental Coordination
MINED	Ministry of Education
MINPES	Ministry of Fisheries
MISAU	Ministry of Health
MOPH	Ministry of Public Works and Housing
MPF	Ministry of Planning and Finance
MT	Ministry of Labour
MNCPC	Mozambique National Cleaner Production Centre
MTC	Ministry of Transport and Communication
OPS	Organized Private Sectors
PAC	Project Administrative Coordinator
PARPA	Action Plan for the Reduction of Absolute Poverty
PM	Project Managers
PoDe	Project for Enterprise Development
PPCM	Public Private Consultative Mechanism
PPP	Public Private Partnership

PROAGRI	National Agricultural Sector Programme (MADER)
PSFS	Private Sector Facilitation Secretariat (PSSP)
PSSP	Private Sector Support Programme
RSA	Republic of South Africa
SADC	South African Development Community
SME	Small and Medium Enterprise
TPY	Ton per year
UNDAF	United Nations Development Assistance Framework
UOM	UNIDO Office Maputo
UR	UNIDO Representative
USAID	United States Agency for International Development

Executive Summary

I. Background

- The Integrated Programme of Mozambique was formulated in May 1999. Mozambique was one of the first countries for which an Integrated Programme was developed, following the introduction within UNIDO of this new approach for the delivery of Technical Cooperation. The pilot nature of this ‘first generation’ IP must be taken into account within the framework of the evaluation findings. The main UNIDO counterpart of the programme is the Ministry of Industry and Commerce (MIC).
- The original programme document was a broad and far-reaching framework covering four components and twenty-five programme outputs. The programme components in support to private sector development in Mozambique related to: policy development, implementation and monitoring; regional industrial development through support to SMEs; investment and technology for entrepreneurship development; and environment and quality management.
- Ongoing projects in support of SME development and an already formulated and funded project for the establishment of a National Cleaner Production Center were incorporated in the programme. During the programme life new requirements came up relating to coordination with UNDAF, particularly on HIV/AIDS activities, cooperation on the ‘red tape’ study on the reduction of administrative barriers and to flood relief.
- Out of a total programme budget of USD 9.3 million, UNIDO mobilized USD 4.4 million from Austria, Denmark, India, Ireland, Hungary, Japan and Norway. UNIDO allocated USD 676,000.- from its Regular Budget and UNDP allocated USD 307,442.-.
- In the three years of its life, the programme has fully produced three outputs, eight outputs are at present under implementation, twelve preparatory assistance projects have been carried out and promoted for funding (out of which seven are considered having relatively good funding potential) and two outputs have not been formulated at all.
- The overall assessment of the programme has to be seen within the context of a number of limitations. The programme time frame is relatively short to show results in terms of outcomes and developmental impact. The mix of preparatory and operational activities made actual implementation of the programme uneven and results at programme level difficult to measure. Neither the original programme document nor the project documents formulated subsequently include sufficient result indicators at the output and outcome level. The programme-wide evaluation is therefore more a matter of qualitative judgment based on extensive analysis of documents and interviews rather than a quantitative assessment of actual against planned results.
- According to the Terms of Reference, the main objectives of the evaluation were to assess progress made so far in terms of results and of related constraints. The

evaluation was also to provide recommendations for the formulation of phase II of the programme.

- The findings and recommendations are provided at two interrelated but distinct levels. Chapter 3 of the report covers programme-wide issues relating to design, implementation, funds mobilization, management and coordination, synergy, overall results and programme relevance. Chapter 5 covers the same issues on a component by component basis.

II. Findings of the evaluation

- The programme has not been formulated and implemented in a fully integrated manner and did therefore not benefit from synergies and coordination between components. The scope of the programme was from the outset much too broad and dispersed, particularly as compared with the coordination and management capacities both of UNIDO Headquarters and of the main counterpart in Mozambique, MIC. Sustainability and risks, key issues in Mozambique, were barely considered and mentioned, a shortcoming that has affected programme implementation, transparency and expectations.
- Despite these shortcomings, a number of achievements could be verified. It can also be safely stated that the programme has put in motion - or has been part of - a number of processes that, if sustained, have good prospects for impact. Also, UNIDO has established a strong and unique presence in selected provinces, an asset within the context of the ongoing decentralization process and the reduction of regional disparities.
- At the policy level, the programme has contributed to develop a concept and a mechanism for consultations among the public and private sectors, improved the production of industrial statistics, contributed to speeding up the process of licensing and enterprise creation in selected provinces through the development of the concept and the setting up of one-stop-shops, contributed to the “red tape” study on reduction of administrative barriers, and produced a draft national quality policy. The programme established the National Cleaner Production Center and a new institution called CADI devoted to the provision of management services and training to SMEs. While both institutions have problems of sustainability, they have started providing management and environmental related services to industry and have benefited some enterprises. At the enterprise level, the programme has provided flood relief to the salt industry in the Maputo area, a support that led not only to resuming production but also to a considerable improvement of productivity and to increased employment. Direct support was provided to pilot enterprises in the agro-food sector to improve product quality and safety.
- An additional achievement so far is that the programme has given UNIDO visibility and has put the Organization on the map of the actors contributing to SME and private sector development.
- The degree of participation and ownership by the counterparts has been varied. The evaluators were able to verify strong commitment and ownership at the level

of the provincial components. As concerns the Maputo based activities, the extent of client satisfaction and ownership is mixed.

- While having been involved in its identification and formulation, MIC sees the programme on the whole as too supply driven and considers results achieved unsatisfactory as compared to the high expectations that the programme raised. Some component counterparts expressed dissatisfaction over the fact that, after the respective projects had been jointly formulated, no implementation has taken place. These projects are all pending either with MIC or with donors.
- The evaluation report states that the programme faced major problems in terms of management, coordination and communication. A key negative aspect, in this respect, has been the absence of a Senior UNIDO Representative in Maputo
- The programme's complex institutional set up and the large number of counterparts involved, including the provincial ones, would have benefited from a strong policy level coordination in the form of a Steering Committee. Such coordination mechanism was envisaged in the original programme document but did not materialize. Some degree of ambiguity relates to the coordination and decision making process regarding the provincial components.
- MIC is critical with respect to the considerable deviations from the original programme design, a well-taken point considering the ensuing difficulties in monitoring the programme. However, it should also be noted that the Maputo UNIDO Office did an excellent job in regularly recording and reporting on the developments within the programme and in ensuring transparency through a continuous information flow. Furthermore, the capability of the programme to adjust to changing needs should be seen in a positive light as the programme is a framework rather than a rigid context and must allow for flexibility subject to adherence to overall strategic objectives.
- A point that requires attention is the fact that counterparts perceive UNIDO funds management not sufficiently transparent and that they lack an overview of the way funds have been utilized. The relatively high ratio of international versus national experts is also put in question, considering the Government's policy for national ownership and acquisition of experience in running projects through, among others, a higher use of national expertise. The evaluators find that this issue cannot be generalized and that there are instances where international expertise is the better option.
- To sum up, the programme has achieved mixed results due to its short duration and because of managerial, coordination and design shortcomings. The progress achieved is due to the high relevance to the country of private sector development and thus of UNIDO support in this respect as well as to the devoted and high quality national and UNIDO staff (at headquarters and in the field). The programme's relevance to country's and to international developmental priorities is indisputable. Focusing and reorienting the programme in substantive and managerial terms can consolidate results.

III. Recommendations

- The evaluators recommend that the programme be reformulated by a programming mission that should revisit all activities in an in-depth manner and based on a participatory approach with the respective stakeholders. This mission should take place still in 2002. In substantive terms, the phase II of the programme should build upon the already formulated project documents. The programme should be streamlined and only those outputs having a strong counterpart support and commitment should be retained. Clear cut decisions should be taken on discontinuing of all those outputs where there is no counterpart commitment, duplication or shortcomings and bottlenecks that cannot be solved by UNIDO in a meaningful manner. The programme document for phase II should provide realistic work programmes and implementation time frames and review sustainability and risk issues. It should include as well, under each output, information on the actual situation and on the expected results with indicators.
- The programme should be strongly anchored in the UN Development Assistance Framework (UNDAF) along the policy lines for the ‘second UNDAF generation’ and keeping into account the need to synchronize and fully integrate country level UN development programmes.
- Based on the evaluation findings and on the proposed programming mission, a reorientation of the programme should take place to strengthen the regional decentralization dimension of the programme.
- UNIDO shortcomings in communication and transparency observed during phase I must be considered seriously and action to revert this situation is required immediately. In addition to regularly distributing financial reports, the evaluators recommend that the UNIDO financial reporting system be explained to all concerned. The evaluators recommend to UNIDO to consider a more decentralized approach of implementation.
- While the use of national experts should be encouraged, the UN rules of neutrality and independence as well as the UN payment schedules must be adhered to. International experts should be used whenever required by the needs and environment of the project.
- A steering and coordination mechanism for the IP should be established at policy and operational levels. Operational guidelines for programme implementation, coordination and monitoring should be finalized.
- The government should take ownership of fund mobilization for Phase II of the Programme.
- In the main body of the report, recommendations are drawn up for each component of the programme for consideration by the programming mission.

1. INTRODUCTION

A mid-term in-depth evaluation of the Integrated Programme for Mozambique was first discussed in December 2001 during the visit of a Managing Director of UNIDO to Mozambique. The evaluation was formalized during a meeting of the Director General of UNIDO with the Minister of Industry and Commerce of Mozambique in September 2002. The evaluation team was initially composed of:

Donatella Magliani, Senior Evaluation Officer of UNIDO, and Oscar Gonzalez Hernandez, Consultant.

After extensive briefings in UNIDO Headquarters and briefing to the accredited missions in Vienna of the donor countries of the programme, a field mission took place from 19 September to 5 October 2002. The mission started with briefings by the UN Resident Coordinator in Maputo and the Minister of Industry and his senior staff. At the latter meeting, the minister informed the team that it would be joined by a nominee of MIC:

Mr Vicente Paulo Chihale of the Department of Planning and Industrial Development of MIC. He had not been previously associated with the IP

The team visited all counterparts of the IP. It had over 50 meetings with Government representatives at central and provincial levels (17); Public institutions (11); members of the World bank Group, USAid; donors (10); entrepreneurs and associations (20) and NGOs (5). Visits were made, in addition to Maputo, to the provinces of Zambezi, Tete and Sofala. It further visited the districts of Milange in the province of Sofala and of Changara in the province of Tete.

The terms of reference for the evaluation are included in Annex I and the list of organizations visited and persons met in Annex II.

The evaluation mission was funded by UNIDO's regular budget.

2. SOCIO-ECONOMIC CONTEXT¹

2.1 Basic facts

Mozambique is located on the East Coast of Southern Africa. It covers an area of 799,400 square kilometres with a coastline 2,515 km long. Population in 2001 is estimated at 17.6 million inhabitants, of which 80% is rural. The population growth rate is estimated at 2.4%, and life expectancy at birth is around 42.3 years. According to Economic Intelligence Unit estimates, GDP per capita was USD 221 in 2001. Since 1992 GDP growth rate has been over 8% (13.9% in 1991) and is expected to grow faster under PARPA. However, this growth has not yet translated itself into increased employment and incomes for the majority of the population. Mozambique ranks among the world's 10 poorest countries. The UN Common Country Assessment of the year 2000 estimates that 69.4% of the population live below the poverty line (USD 0.40 per day). The incidence of poverty ranges between 87.9% in the central province of Sofala and 47.8% in the capital Maputo. HIV/AIDS constitutes the greatest threat to Mozambique's future: life expectancy is expected to decline from 42.3 years (1997 census) to 35.7 years by 2002 due to HIV/AIDS. However, development potential is real. Mozambique has made tremendous strides in the past few years despite a recent slowdown as a consequence of the floods in February/April 2000.

2.2 Historical perspective

Mozambique gained independence from Portugal in 1975, after 11 years of guerrilla war led by the Mozambique Liberation Front – *Frente de Libertação de Moçambique* (Frelimo, the present ruling party which prevailed after seventeen additional years of civil war and the national elections in 1994 and 1999). The main opposition party, the Mozambique National Resistance – *Resistência Nacional de Moçambique* (Renamo), a major party in the civil war, participated in the December 1999 elections. Given that Frelimo has transformed itself from a socialist to a market-oriented democratic party and as Mozambique has, to a considerable extent, liberalised its economy, Renamo is supportive of the Government's efforts towards political and economic transition. Government policies are under scrutiny and often the subject of contentious public debate. The next presidential and parliamentary elections are due in 2004.

Years of continuing economic growth were brought to a hold in the year 2000 with the devastating floods of that year, which killed 700 people and displaced tens of thousands. A fair number of industrial enterprises and infrastructure were destroyed. Some enterprises were completely immersed in water, buildings and machinery were damaged and produce destroyed, resulting in the closure of such enterprises. With the support of the international community, recovery is underway and industrial production is gradually on the increase.

¹ This chapter draws heavily from the Introduction, prepared by the UNIDO Office in Mozambique, to the document of the so-called Italian Package "Private Sector Support Programme", from data of the Economic Intelligence Unit and the mission's own observations.

2.3 The industrial situation

Mozambique is one of a few African countries with an industrial culture dating as far back as the 1940s and 1950s. Although agriculture was the mainstay of the economy, the industrial sector was fairly well developed prior to the outbreak of the civil war. It was diversified and contributed some 13% to Gross Domestic Product (GDP). The abundance of agricultural and mineral resources greatly facilitated a smooth and steady supply of raw material inputs for industry. The mass exodus of settlers and government administrators (250,000) immediately after independence led to a disastrous shortage of skilled labour in the country. An experiment in centrally planned economy beginning in 1975 aggravated the destruction and led to a significant decline in industrial production. The civil war that ravaged the country after independence caused a further decline in the growth of the industrial sector and the level of performance of industrial enterprises. The Peace Agreement of 1992 and the subsequent commitment to install, for the first time in Mozambican history, democratic governance through a parliamentary system, renewed donor's interest in the development of the country.

In 1984-94 FDI flows to Mozambique averaged USD 21 million per year; in 1995-2000 they averaged USD 153million. Some 901 foreign investment projects totalling USD 3.4 billion were approved between 1985 and 1997. The level of investment rose in the late 1990s: 184 projects worth USD 1.8 billion were approved in 1997 alone. The Mozal smelter accounts for USD 1.3 billion of that amount. FDI has gone essentially to mega-projects and to service sectors. There is potential for attracting FDI for medium and small-scale projects in all sectors , particularly from neighbouring countries.

Industrial sector growth has outpaced total GDP growth due to the bringing on stream of Mozal and small but still large projects for Mozambique (cotton ginning, sugar mills, breweries and privatisation of idle public companies).

The industrial sector consists of two disparate worlds. One comprising a handful of very large enterprises, a few medium and small size formal enterprises and the other, a whole range of small and micro, mostly not registered, enterprises. Rising imports, both legal and illegal and various types of administrative hurdles affect both worlds of enterprises.

The food processing industry accounts for approximately 27% of total industrial output. Other agro-based industries are in the textile, wood and leather sub-sectors. The engineering and building materials sub-sectors are also of importance. Until very recently state owned enterprises constituted more than 40% of industrial establishments. The Government's privatisation programme has encouraged indigenous ownership of industrial enterprises and industry related services. Nevertheless, foreign ownership accounts for over 60% of capital assets in manufacturing. The restructuring of newly privatised enterprises has led to a decline in employment in the manufacturing sector of about 40%.

There exists a serious geographical imbalance in industrial development, with over 60% of industrial enterprises being located in and around Maputo City. If large

enterprises like Mozal, sugar mills and cotton ginning plants are discounted, this percentage is higher. Small and medium enterprises play a significant role in the industrialisation process. UNDP-estimates for 1996 claim that Zambezi, Sofala, Nampula and Manica Provinces had approximately 850,000 such enterprises in both the formal and informal sectors, employing more than 1.4 million people. Many of these enterprises are active in food processing and textiles.

Despite the Government's emphasis on the importance of private sector development, the institutional support structure for private sector development and for forging strategic alliances between the Government and the private sector is utterly inadequate. The banking sector re-capitalization has affected public spending. Since there seems to be a consensus not to touch social sectors, others, like MIC and its dependent institutions and provincial departments, see their budget seriously affected.

The main concern of enterprises is the scarcity and high cost of credit. Enterprises, in general, are not willing to pay for services although some local consulting firms provide management type of services including preparations for certification against ISO 9000. Environmental considerations are by and large not yet a concern of enterprises.

2.3.1 Agro-industries

The Mozambican economy is still largely based on subsistence agriculture. Agriculture and the transformation of agricultural products account for some 30% of GDP and employ 80% of the national work force. Main agricultural products include cotton, cashew nuts, maize (the staple food), rice, tobacco, copra and sisal. Agro-industry and livestock productions have a great potential and need to be promoted. The most outstanding among the principal irrigation systems in the country are the one at Chokwe (25,000 ha) and the sugar plantations at Incomati, Maragra, Buzi, Mafambisse and Luabo (total 34,000 ha). The Zambezi Valley offers major investment opportunities, given the nature of the land and the facilities for irrigation provided by the river. Special tax incentives are applicable to this region. The timber activity is clearly increasing, although it urgently needs to be coupled with a crackdown on illegal trade of precious wood and with the development of a woodworking industry. The logging capacity is estimated at 500,000 cubic meters per year.

2.3.2 Mega-industries

Mozambique's largest industrial enterprise and FDI (UK, South Africa, Japan), and one of the largest anywhere south of the Sahara, is the Mozal aluminium smelter, located near Maputo. The Mozal plant began production in June 2000. It employed 8,000 people during the construction phase, and currently 770 employees operate the plant. On completion, Mozal doubled Mozambique's exports, providing for in excess of US\$ 400 million in foreign exchange earnings per annum and adding more than 7% to GDP. Construction work to double the plant's capacity to 500,000 tons of aluminium per year started end of 2001. The total investment will exceed US\$ 2 billion.

The Iron and Steel project of Enron has been mothballed. However, the availability of a huge hydroelectric capacity, some already installed and some not yet developed,

facilitates investments such as these. Mozambique is currently locked into long-term agreements to sell much of the electric power it produces to other countries, mostly South Africa, at low rates. Authorities concerned are attempting to renegotiate these contracts.

2.4 Fisheries

The export intensive fisheries are important for the Mozambican economy and represent close to 5% of GDP. This sub-sector comprises large-scale industrial fisheries and small-scale artisan and semi-artisan fisheries. The latter fisheries employ around 100,000 people. 90% are fishing artisans or associated with fish processing and marketing activities. The exploitation potential of fish and shellfish is estimated at 300,000 tons per annum. The sector is mainly engaged in prawn fishing, for which quotas are fixed in accordance with the maximum ecologically sustainable fishing levels. Companies operating in this field include Mozambican firms and firms created by joint ventures between the Mozambican state and Japanese and Spanish companies. Excellent conditions exist for the development of aquaculture, particularly prawn farming and there is potential for oysters, mussels, algae and pearl cultures.

2.5 Infrastructure and other services

The strategic location of Mozambique within the SADC and the long Mozambican coastline with port facilities provide the country with a vast potential in the area of transport and telecommunication infrastructure and services. This potential is of vital importance for the future development of the Mozambican economy, which has traditionally been geared towards serving the countries of the hinterland, i.e. South Africa, Swaziland, Zimbabwe, Zambia and Malawi. This trend should both be strengthened as well as diversified in terms of services that Mozambique can provide. These should include improved mobile cellular telephone service, satellite telephone, competitive Internet services, video-conferencing, finance, insurance and trade, with the private sector playing a key role.

2.6 Country strategies, objectives and priorities

The Government of Mozambique recognizes the importance of industrialization and the role of the private sector for economic growth and development. The 1997 Economic Development Plan of Mozambique set the parameters for the definition of future sectoral policies. The Plan acknowledges the extremely high level of poverty prevailing in the country and in view of this has declared industrialization as an essential precondition for economic growth and development. The Plan's main goal is the reversal of the downward trend of the productive sectors, to be achieved by the promotion of a diversified, competitive and sustainable industrial sector, the satisfaction of basic needs and the alleviation of poverty.

2.6.1 Poverty reduction and government's strategy

Poverty reduction is the overall goal of the Government, and its programme aims at sustaining a wide range of private sector initiatives to promote private sector led growth and on ensuring that the benefits of this growth are widely distributed and

actually do each the poor. In order to help realize this growth, the Government's strategy is to:

- i. Diversify the industrial sector;
- ii. Give priority to the processing of agricultural products and mineral resources;
- iii. Promote exports; and
- iv. Develop SMEs, including those in the informal sector.

SMEs are regarded as seedbeds for the development of initiatives and technology development and therefore need to be encouraged to grow. Industrial development in general and the aforementioned asymmetries in regional industrial development will also be addressed through comprehensive programmes for spatial development and the setting up of Economic Development Corridors. The development of the Beira, Maputo and Nacala Corridors are under way. Also to be noted here is the restructuring of the government institution Cabinet for the Promotion of the Zambezi Valley (GPZ), which covers large parts of central Mozambique, i.e. parts of Tete, Manica, Nampula and Sofala Provinces. It is expected that these programmes will contribute to the reduction of the existing development gap.

2.6.2 Strengthened support services to the industrial sector

In order to carry out effectively the government's strategy in general, and the aforementioned regional programmes in particular, it is necessary that the country develops and/or strengthens a whole range of support services to the industrial sector. Necessary improvements include:

- i. Public sector capacity to deliver services, in particular telecommunications services;
- ii. Legal and regulatory framework, so as to better support private sector development and investment promotion;
- iii. Basic physical infrastructure including roads, transport, hotels, clinics, private schools etc. in particular outside of Maputo;
- iv. Financial sector's ability to serve both enterprises and rural productive activities;
- v. Private sector skills, productivity and competitiveness with a view to strengthen and diversify foreign investment and technology transfers;
- vi. Promotion of technologies and investments, quality control and standardization.

2.7 Prior and on-going assistance

2.7.1 Bilateral and multilateral

Mozambique is highly dependent on foreign aid for its budget, in particular for the reconstruction and development programme. Countries of the European Union support private sector development in Mozambique, in particular SME and entrepreneurship development, and institutional capacity building for economic management as well as human resource development. The World Bank is the largest single source of international assistance. An estimated USD 220 million has been allocated for Mozambique. The World Bank Enterprise Development Programme (PoDe) in MIC is of particular relevance. Bilateral and multilateral donors are active in Mozambique with a number of programmes being funded for private sector development. In the year 2000, productive enterprises, irrigation systems and physical infrastructure such as roads, bridges, railways and part of the national energy grid, were destroyed by floods. A Round Table Conference on Mozambique was then held in Rome to bring together the key stakeholders of the Mozambican economy. The conference generated a number of components, some of which are ongoing. Appropriate mechanisms were also established to ensure proper co-ordination of development assistance to the country. Mozambique is also one of the pilot countries for the establishment of a United Nations Development Assistant Framework (UNDAF). UNDAF aims at achieving increased co-operation and programmatic coherence of UN technical assistance at the country level.

2.7.2 UNIDO Integrated Programme

In 1999, UNIDO initiated and developed its Integrated Programme (IP) to facilitate Private Sector Development in Mozambique. The overall aim of the IP is to strengthen the capacity of those institutions - both public as well as private - that offer support services to the private industrial sector. Counterparts are public institutions such as Provincial Directorates that are involved in registration and licensing of private enterprises, the National Institute of Statistics etc., and private institutions such as associations of enterprises and the like.

3. PROGRAMME-WIDE EVALUATION

3.1 Programme relevance

Relevance can be defined as the extent to which the programme is consistent with:

- The problems identified in relation to the country's industrial development goals and policies, other institutions' and donors' interventions and international development targets.
- The needs of the client direct counterparts in addressing the constraints of the target beneficiaries (also called end-users).
- The constraints and needs of the target beneficiaries.
- The relationship of the problem area with the UNIDO Business Plan and Service Modules.

The evaluators analyzed the relevance of the IP as a whole, in relation to original design comprising of four plus the two components added subsequently.

The evaluators conclude, based on the relevance of the individual components in Chapter 5 of this report and on the analysis indicated below, that the IP is relevant to the problems and constraints faced by industry and consequently by the enterprises, the end-users of the IP.

The problems to be addressed by the IP can be listed as follows:

- Ineffective public/private sector consultative mechanisms and the enforcing of the necessary corrective measures.
- Policy and regulatory environment not conducive to attract foreign investment.
- Various impediments in the registration and operation of enterprises.
- Serious regional imbalances in industrial development.
- Weak institutional support to enterprises.
- The precarious state of food processing, particularly, in food safety.

The overall objectives of the IP are indicated as the diversification of Mozambique's economy, focusing on agro-industries and SME development. The major development goal of the IP is to increase industry's contribution to economic growth and sustainable development with a view to creating employment, generating income and alleviating poverty. The objectives laid down in the IP correspond with the objectives of the UNIDO technical co-operation services that are stated in the so-called service modules.

The IP is relevant within the context of the Government's strategy for poverty reduction that is anchored in the Action Plan for the Reduction of Absolute Poverty 2000-2004 (PARPA) and to the UN Millennium Development Goals relating to poverty reduction, economic growth and environment.

The relevance to the Country Co-operation Framework 2002-2006 and to the National Development Framework 2002-2006 (UNDAF) is based on the following priority areas addressed by the IP: decentralization and reduction of regional disparities; reduction of red tape and reinforced mechanisms for good governance and transparency; environmental sustainability and promotion of the private sector as the motor for economic growth; employment generation and poverty reduction.

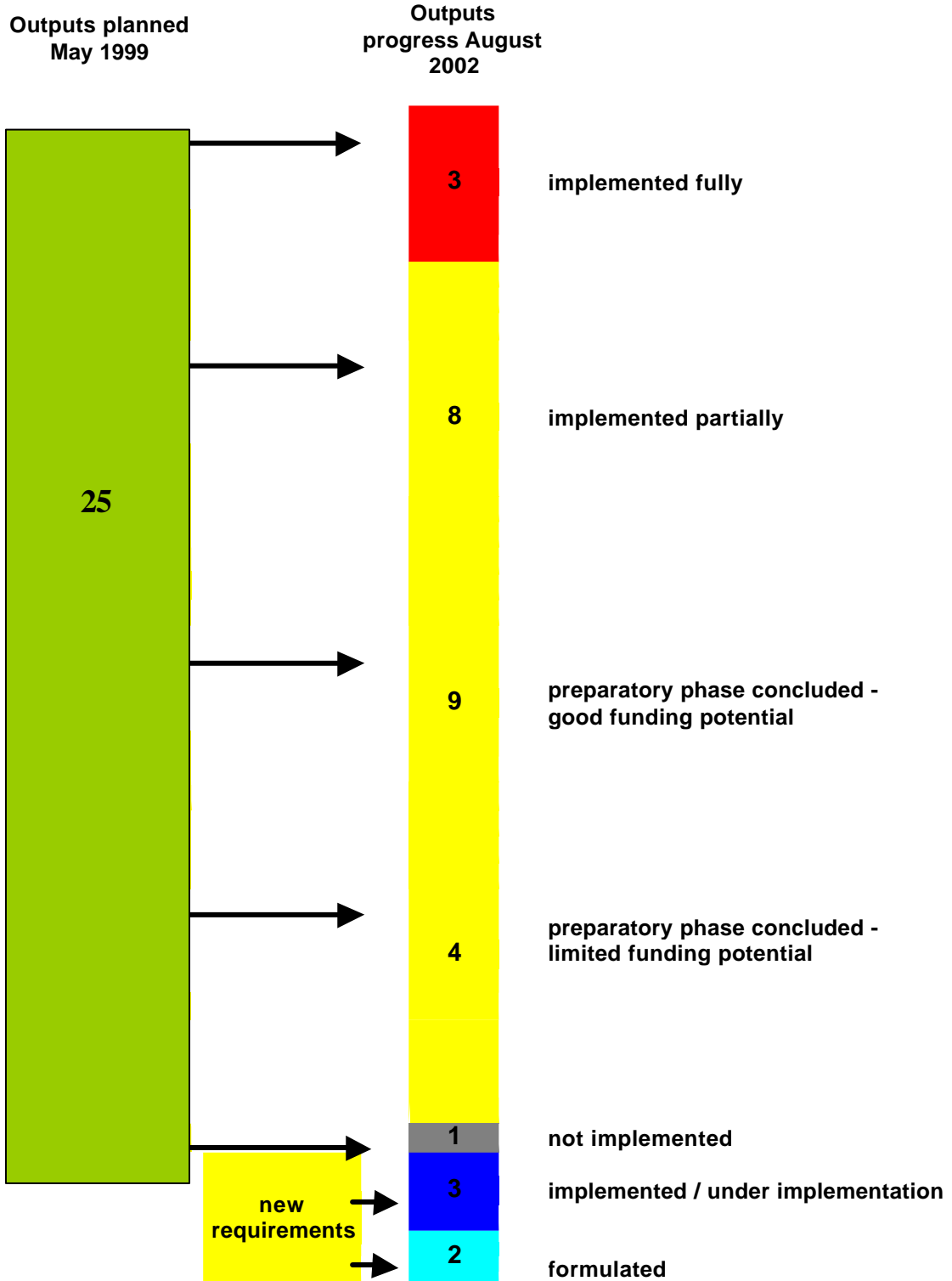
However, by trying to be all-inclusive and cover all the problem areas, the IP became too wide and dispersed in relation to the funds available.

3.2 Programme development, design and present status

The original programme document was developed by a UNIDO programming mission in May 1999 jointly with the main counterpart in the government, which is the Ministry of Industry and Commerce - MIC. The general priorities identified by the programme for support to private sector development were at the time in line with Government plans and priorities and were discussed and agreed upon with MIC and other direct counterparts. However, the approach followed by UNIDO is presently considered by MIC and by some of the donors interviewed too much supply driven. The efforts done together with the respective counterparts to develop the programme were, in the words of MIC, 'to adjust the UNIDO proposed services to the local needs and priorities', which in fact happened.

The original programme document resulted in a general framework covering four components and twenty-five programme outputs. Funding was available or identified from the very beginning only for a few projects under components two and four (Cleaner production center, SME development in the provinces of Zambezi and Sofala), the other components and outputs had to be promoted for funding. The fact that the programme was basically a general framework requiring further analysis and elaboration with a large number of counterparts responsible for the respective components and outputs as well as for negotiation with donors led to a very uneven pattern of implementation and to changes in component design, particularly component 2. During the programme life, new requirements came up (coordination with UNDAF on HIV/AIDS activities, cooperation on the "red tape" study by FIAS, USAID and CTA, flood relief). The programme included the new requirements under two additional components. From this perspective, the programme showed flexibility, the capability to adjust to needs, to provide urgent services and to mobilize additional funding (e.g. Irish funded salt rehabilitation project).

The present programme status is as follows: three outputs have been fully produced, eight outputs are being produced, twelve preparatory assistance projects have been prepared resulting in project documents with different levels of funding potential (seven are considered having a good likelihood of funding). Two outputs have not been formulated at all. Details on the progress of outputs are provided in the following table.



The evaluation findings on the approach followed by the formulation and development of the programme may be summarized as follows:

- The IP Mozambique was one of the first IPs launched by UNIDO and was designed in May 1999 before the issuance of the guidelines for IP formulation in June 1999. The programme formulation team therefore had to apply its judgment and experience in the formulation process and much of the traditional project related approach was inevitably followed. MIC, as the main counterpart, also lacked experience in this field and relied to a high extent on UNIDO advice.
This situation led to two major shortcomings. On the one side, the programme was more offer than demand oriented and failed to address, in a really integrated and multidisciplinary manner, the identified constraints in private sector development.
Furthermore, the programme was too ambitious and covered too many issues, thereby creating high expectations that subsequently could not be met.
- The programme document was a mix of preparatory and operational activities not always easily distinguishable from each other. A large amount of resources and time had to be devoted to preparatory activities. These activities were carried out in coordination and cooperation with the respective counterparts and, as far as the evaluators could verify, they were based on ownership and participation by the direct counterparts. Ownership and level of interest at the central level by MIC varies depending on the extent of involvement and closeness of the outputs/components to its direct fields of responsibility. Striking, in this respect, is for instance the different perception of the two subcomponents under component two, SME development. While the agro-industrial activities were developed in cooperation and consultation with MIC and are thus highly supported, the one-stop shop activities (Balcão Único) in the provinces are less close to the fields of particular interest of the Ministry in Maputo. Therefore the latter are seen in a relatively critical manner (possibly also because of communication gaps between central and provincial authority lines).
- Due to the fact that implementation could not start for a number of outputs included in the IP, expectations of several counterparts were raised. This led to criticism of UNIDO from some of these counterparts. Furthermore, there is a risk that documents become out of date due to developments that are taking place in the country. This is for instance the case for some of the outputs envisaged in Component 1, policy development, implementation and monitoring. It should be noted that UNIDO completed a number of preparatory assistance activities and that the start of operational activities depends now either on receipt of clearance by MIC to go ahead or on approval by donors and is outside UNIDO's control. Consequently criticism to UNIDO regarding these delays is not warranted. Possibly this situation should have been better explained by UNIDO to MIC and other counterparts.
- On the positive side, the preparatory work represents a milestone towards the development of phase II of the programme. Considering the interest expressed

by some donors to fund specific outputs, implementation of phase II could start without major further investments and fund mobilization efforts.

- A number of preparatory activities (e.g. under the agro food sub -component) were undertaken hand in hand with some direct advice to enterprises. This approach had the advantage of involving the beneficiaries in the preparatory work while leading at the same time to some direct support and results at enterprise level, albeit in various degrees.
- The amount of activities carried out was of a definitely much too large scale and far too ambitious as compared with the coordination capacity of the counterpart (MIC) and to UNIDO's own capacity (particularly at headquarters) to coordinate the programme. Several of the activities undertaken were subsequently not considered of priority by MIC while others were not pursued because of lack of funding (such as the technology center) but are still considered by MIC of high priority.
- The entry point relating to private sector development was of definite relevance to the country but was addressed in a much too broad and ambitious manner. The levels of intervention ranging from policy advice to standards and quality, food safety, environment and cleaner production, SME development in the regions, investment promotion etc. were too broad in terms of thematic and geographical coverage. Also, other agencies with more leverage and funding are present in several of the areas covered by the IP. These agencies are more visible than UNIDO in such areas. Another weakness relates to the fact that the IP document does not explain and provide an argumentation why a particular area of activity rather than an alternative is considered the best way to achieve the programme objective.
- The design of the original programme document has some flaws such as the internal logical framework and integration among components was weak and included vague result indicators (also called success indicators). These weaknesses led to scattered and mixed results which were mostly de-linked from the originally planned ones and made the programme-wide evaluation a matter of qualitative judgment rather than quantitative assessment of results.
- While the main headings of the programme components were kept, implementation shows major differences and discrepancies between planned and actual components, outputs and activities. The Evaluation Team was able to reconstruct the actual programme status based on the Self-Evaluation Component Reports prepared by the team members and, above all, based on the excellent aggregate reporting prepared by the UNIDO Maputo Office. Without the help of the Maputo Office a reconstruction of the programme's actual changes would not have been possible. These discrepancies have created understandable monitoring problems by the National Coordinator.
- The original programme document barely mentions sustainability and risks, two key issues in Mozambique.

- While the original programme document identified industrial and private sector related problems at policy, institutional and enterprise level and refers to the need to create synergies and integration among UNIDO's services, the real extent and expected benefits of integration were not analyzed. This weakness lead to limited programme integration in project implementation and in addressing the problems, which was done mostly in isolation from each other.

3.3 Funds mobilization

In terms of funds mobilization, the programme has been relatively successful thanks to the high priority awarded by donors to Mozambique and the active funds mobilization efforts by UNIDO Headquarters. Out of a total programme budget of USD 9.3 million (excluding support costs), USD 4.4 million were mobilized. The following donors provided funding of multilateral nature, i.e. over and above the bilateral allocations to the country: Austria, Denmark, India, Italy, Ireland, Hungary, and Japan. UNIDO allocated USD 676,000 from its own Regular Programme resources; UNDP allocated to the programme USD 307,442, mostly for preparatory activities. Bilateral funds (USD 872,321) were mobilised locally from NORAD. Details are provided in the status of funding table attached in Annex III.

All donor representatives in Maputo interviewed by the evaluation team indicated that the programme was relevant and complementary to their bilateral activities. They expressed overall satisfaction with the level of information provided to and consultation with them by the UNIDO office in Mozambique. All donors stressed the high relevance of private sector development and the need for specialised support to the country in this respect.

The overall implementation of the programme and the very nature of the programme approach suffered from the fact that funding had to be ensured on the basis of specific projects considering the respective donor priorities and funding availability. The fact that funding was provided on a project-by-project basis and according to different timing led to differed implementation schedules and to weakened synergies.

The Government has not taken sufficient ownership of funds mobilization and most of the activities in this respect were carried out by UNIDO alone. The evaluation team considers that a joint effort would have been beneficial to the programme and would have led to better results. Furthermore a high degree of time and resources was devoted to develop projects requested by MIC, counting on PoDe as the funding source. (e.g. training support to provincial MIC staff, restructuring and strengthening of MIC, industrial sector survey). After UNIDO formulated and completed the documents, the expected funding was not made available despite UNIDO's agreement not to charge support costs.

In general, donors noted the lack of ownership and active participation by MIC in funds mobilization and this has been detrimental to the programme in terms of timing of approval and overall donor interest. The so-called "Italian package" was for instance not given high priority by the Italian bilateral Development Co-operation in view of the lukewarm interest and support expressed by MIC. This package consists of five projects fully formulated as follows:

1. Public Private Partnership (PPP)- Strengthening the National Consultative Process.
2. Investment and Technology Promotion Programme.
3. Development of Micro and Small Scale Industries in Manica Province (Balcão Único).
4. Capacity building in AIMO to Contribute to Industrial Governance and Private Sector Development.
5. Food Processing and Safety Development Programme.

In order to improve this situation, the evaluation team strongly recommends that the Government take ownership in funds mobilization for Phase II of the programme. A common coordinated effort should be undertaken in order to obtain funding as a package and facilitate implementation, benefit from synergies and speed up achievement of results.

3.4 Programme management, coordination and implementation

3.4.1 Programme management

Programme management has constituted one of the major weaknesses of the programme. The evaluation team has noted shortcomings at all levels, overall coordination between UNIDO and MIC as the main programme counterpart, weak coordination between Maputo based and province based activities, lack of coordination and integration of activities by the UNIDO Vienna based team and lack of policy level coordination between UNIDO and UNDP Maputo.

In addition to some changes of the officials in charge of the IP within MIC, there is a nationally acknowledged human resource weakness in Government capacities to coordinate and monitor technical co-operation. Communication problems and delays have occurred. The IP did not provide funding for coordination activities, in line with the UN policy not to top up Government salaries. This fact affected somewhat negatively the motivation and timing available for coordination at MIC's end.

Coordination and communication at the level of UNIDO Headquarters have also been weak and have resulted in a lack of consultation and coordination among components. Potentially important links among components and benefits of coordination were missed. A large number of UNIDO staff and consultants' missions were separately fielded, often to visit the same counterparts and thus projecting an image of disconnection and sometimes giving the impression of a waste of resources.

While the UNIDO Headquarters team has been professional and motivated and gave its utmost to support the Programme, there has been a lack of senior programme-wide management and expedite problem solving. The role on substantive and area branch directors was not evident.

“Overreporting” requirements placed on the team for different purposes and at different occasions hampered a regular and structured monitoring of process.

The UNIDO Office in Maputo has done an excellent administrative, information and substantive work in support to the programme. However, there has been a lack of badly needed policy level coordination and communication, also considering that the country's culture and communication style is formal and protocol oriented. The local staff being too junior did not have a mandate or the experience to deal with policy level matters and did not receive sufficient support, leverage and guidance from Headquarters in this respect. The UN Resident Coordinator support was not sufficiently sought for policy and other important matters.

The key problem in terms of coordination, management and effectiveness of services of UNIDO's IP has been the lack of a senior UNIDO Representative in Mozambique. The magnitude, complexity and geographical coverage as well as the potential of the programme definitely require the presence of a UR. This request has been put forward repeatedly by the Government at the highest levels in UNIDO and the lack of a decision by Headquarters has been detrimental to the programme. This issue was noted negatively by almost all of the Maputo based representatives of donor countries.

Operational guidelines for programme implementation, co-ordination and monitoring are also necessary in order to clearly define the respective management, decision-making, procedural and administrative responsibilities of MIC, UNIDO Headquarters, and the UNIDO Field Office, including those of staff in the provinces. Draft guidelines have been prepared but have never been finalized and are at present pending with UNIDO Headquarters. National policies and priorities need to be fully taken into account. At the same time, existing UNDP and UNIDO procedures must be fully understood and adhered to.

3.4.2 Programme coordination

For the purpose of the Integrated Programme, communication and authority lines between the Ministry of Industry and Commerce, the National Directorate of Industry, the Provincial Governments and the Provincial Directorates of Industry and Commerce need to be defined. This is a prerequisite for the smooth functioning of the provincial programme components and for the central authorities to fully benefit from the experience and results of the decentralized activities.

The IP is a complex undertaking that needs to be rooted on a coordination mechanism involving a broad range of bodies as follows:

- MIC, DNI, DPICs
- Government counterparts (MICOA, MIREME)
- Provincial Governments
- Counterpart Institutions
- Private Sector counterparts
- Donors
- UNDP/UNR
- UNIDO Headquarters' IP Team
- UNIDO Field Offices in Maputo and in the Provinces

The original programme document envisaged a mechanism for coordination and monitoring in the form of National Programme Advisory Committee. The Committee

was never established, apparently based on a decision by MIC. After three years of implementation, the evaluation team recommends that the idea be revisited, as there is need to clarify the individual roles of all these bodies at the operational and policy level. A steering committee for the IP should be established at two distinct but interrelated levels: policy and operational. The experience acquired and UNIDO good practices in the implementation of other IPs should be studied and applied to the specific situation of Mozambique.

A Senior UNIDO Representative should be located in Maputo. The human and financial resources of the field office should be appropriate to respond to the demands of the programme. Consideration should be given to nominating the UR Team Leader of the IP, considering the decentralized and complex institutional and regional situation in Mozambique as well as the evolving developments in the country.

3.4.3 Programme implementation

On the whole and as outlined more in detail in chapter 4 of the report regarding the single programme components, UNIDO's inputs were considered, in general, by the counterparts and by the interviewed end users of good quality and quantity. Activities and inputs have been provided for all outputs with the exception of two outputs; additional activities have been introduced and inputs provided in the course of the programme life showing a good degree of flexibility and responsiveness to new requirements.

The implementation timeframe reproduced below shows how progress was made with respect to both implementation and preparatory activities.

MIC/UNIDO Integrated Programme Timeframe

Output	1999	2000	2001	2002	
1.0 Training support of provincial MIC staff involved in IP					PoDE funding rejected; pending MIC/Donor
1.1 Restructuring and strengthening of MIC					PoDE funding rejected; pending MIC/Donor
1.2 National Consultative Process					Pending MIC/Italy
1.3 Capacity building in AIMO					Pending MIC/Italy
1.4 Industrial Sector Survey					PoDE funding rejected; pending MIC/Donor
1.5 Industrial HRD Survey Strategy	No formulation / activities				
1.6 Industrial Statistics					End
1.7 Governance Support Information Network					MIC National Execution
2.0 Red Tape					Ongoing
2.1/2.2 SME support in Zambézia-Tete					Ongoing
2.3 SME support in Sofala					Pending Austria approval
2.4 SME support in Cabo Delgado					Ongoing
2.5 SME-support in Niassa					
2.6 SME-support in Manica					Pending MIC/Italy
2.7 Food-safety in food-processing industry					Pending MIC/Italy
3.1/3.2 Investment and Technology Promotion					Pending MIC/Italy
3.3 Business Advisory Centre (CADI)					End
3.4 Establishment Technology Centre					Pending MIC/Donor
4.1 National Cleaner Production Centre					Ongoing
4.2 Solid Waste Pilot System for Matola					Awaiting proposal Municipality/MICOA
4.3 Pollution Abatement for Artisan Gold Mining					Pending MICOA/Netherlands
4.4/5 Enterprise upgrading/fishbone					End
4.6 Quality					Ongoing
4.7 Metrology					Ongoing
5.1 Support to the Salt Industry/Floods					Ongoing
6.0 HIV/AIDS					Pending UNIDO/UNDP
6.1 Social Component of IP					Pending UNIDO/UNDP

Formulation, preparatory activities
Processing/approval with MIC, donors
Implementation

As can be seen from the above table, there has been a mix of preparatory phase projects and operational activities, which made actual implementation of the programme uneven and results at programme level difficult to measure.

As said before, some of the preparatory activities were carried out hand in hand with direct advice and support to enterprises (e.g. under the agro-food sub-component), an approach that led to some immediate improvements at the enterprise level.

At present almost all activities for which funding was available have been completed and most of the outputs/projects produced through preparatory phase activities are pending either with MIC or with donors. In order not to lose momentum and ensure sustainability of started activities, the formulation and launching of the phase II of the programme is a matter of urgency.

The level of commitment and absorption capacity of counterparts has been mixed. UNIDO faced a number of problems in delivering its inputs due to delays in response

or changes in counterparts; weak counterpart absorption capacities and qualified staff; slow, cumbersome communication; ambiguous authority lines, particularly with respect to the provincial programme component; and changes in overall programme coordination within MIC.

The Government raised forcefully the issue that the programme has lacked transparency in financial management and reporting. UNIDO shortcomings in communication and transparency must be considered seriously and action to revert this situation is required immediately. In addition to regularly distributing financial reports, the evaluators recommend that the UNIDO financial reporting system be explained to all concerned so as to enable them to properly understand and interpret the financial data. The progress reports prepared by the UNIDO Maputo office on quarterly basis, which the evaluators consider the best available tool for aggregate reporting, should be complemented with financial information to be provided by UNIDO Headquarters.

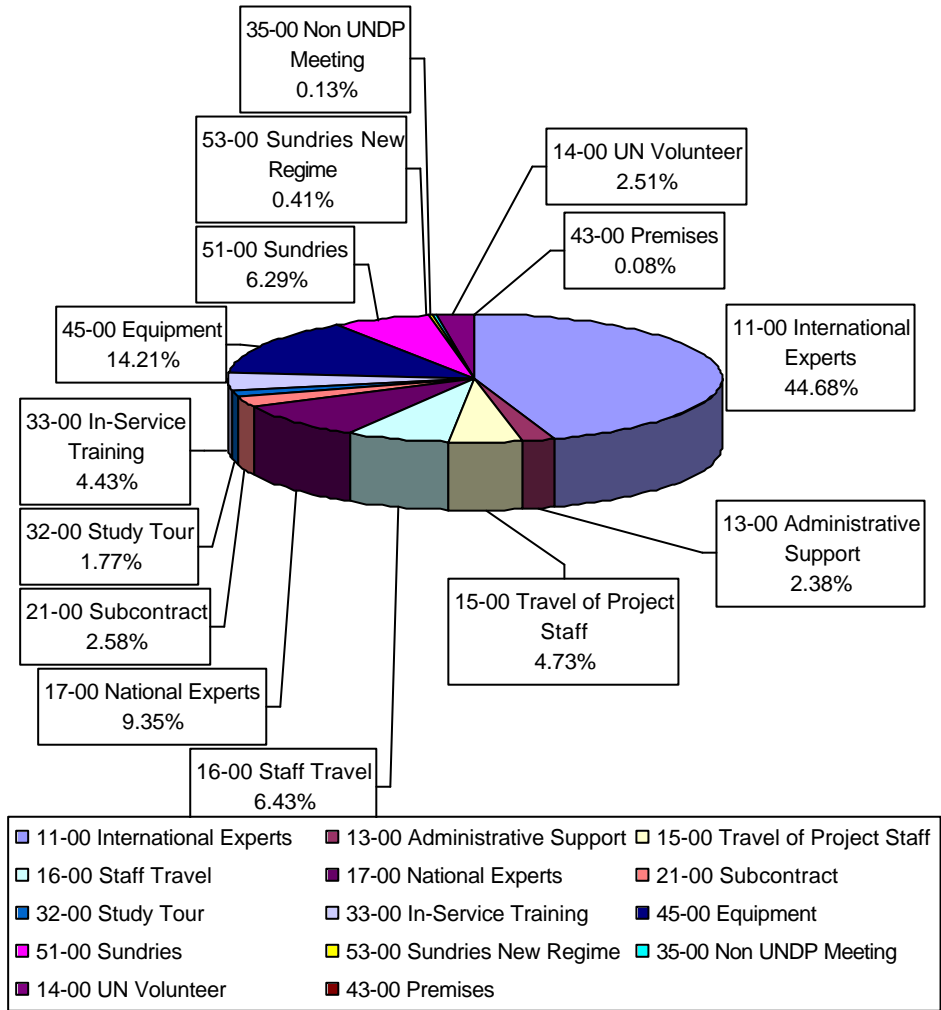
Another point of concern for the Government (both MIC and MICOA) is the perceived excessive centralization of decision-making and implementation modalities at UNIDO Headquarters. This relates to the felt lack of control about funds management and allocation of UNIDO “seed money” from its Regular Programme. Furthermore, it relates to decisions regarding implementation and expert recruitment. The same criticism was raised by a number of donors who perceive UNIDO as ‘old fashioned’ in this respect. One donor for instance criticized the programme as not being sufficiently ‘Mozambique owned’ and recommended more substantive and administrative delegation of responsibilities to the field. This issue must be seen within the context of the prevailing approaches followed by donors in Mozambique that provide funding directly to local institutions as their implementing partners. Also, it should be kept in mind that several UN organizations moved to national execution and that greater use was made in recent years of national consultants and NGOs.

The evaluators recommend that this issue be reviewed by the Mozambique team with the financial and personnel recruitment services of UNIDO with a view to consider ways and means for a more decentralized implementation approach based on UNIDO’s rules and regulations. In this connection it is worth noticing that the presence of a UR in Maputo would facilitate decentralization of decision making, financial administration, selection of experts, decisions on the most suitable implementation modalities etc., based on local knowledge, understanding and networks.

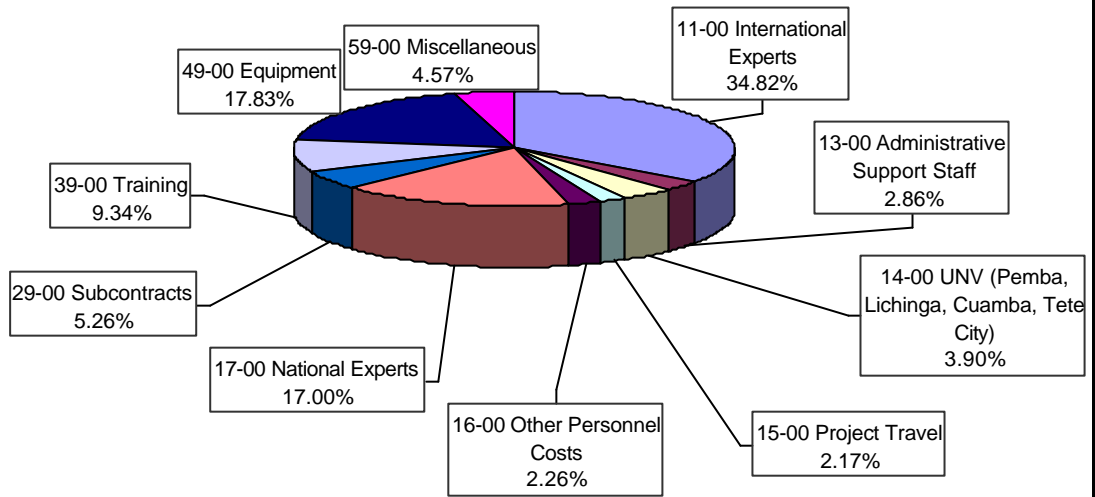
Considering the Government concern regarding lack of transparency on how resources have been utilized, it is important to make an analysis of the programmed budget as originally included in the IP programme document and of the budget based on actual expenditures as of 31 July 2002.

Reproduced below are pie charts of the original budget distribution and of the actual expenditures. A comparative analysis should be made with caution and taking into account the fact that the actual implementation considerably deviated from the original programme design, as outlined before.

BUDGET DISTRIBUTION TO ALLOTMENTS
(As of July 2002)



**BUDGET DISTRIBUTION TO ALLOTMENTS (ORIGINAL PROGRAMME DOCUMENT)
May 1999**



- 11-00 International Experts
- 13-00 Administrative Support Staff
- 14-00 UNV (Pemba, Lichinga, Cuamba, Tete City)
- 15-00 Project Travel
- 16-00 Other Personnel Costs
- 17-00 National Experts
- 29-00 Subcontracts
- 39-00 Training
- 49-00 Equipment
- 59-00 Miscellaneous

A few points should be highlighted as they reflect Government concerns.

The first relates to the proportion of international experts that was around 35 % in the original programme document and around 45% in actual expenditures. The proportion of national experts in the original document was envisaged to be in the range of 17% and in terms of actual expenditures is 9.35%. Staff travel in the original budget was 2.26% and in the actual budget is 6.4%. Travel of project staff was originally foreseen as 2.17% of the budget and actual expenditures amount to 4.7%.

MIC is of the opinion that in future more national experts should be recruited. This should entail a lower cost to the project and the national ownership of projects would lead to acquiring experience in their management. According to the Government, a sufficient number of such experts is available and procedures for identifying them are in place. Also UNDP is in the process of building up a roster of national experts that UNIDO could draw upon.

Based on the evaluators' findings and interviews, including with donors, this issue has to be considered in the light of a number of important issues. First, care should be taken in order not to deplete public and private sectors from scarce human resources. In fact, in many instances, a better approach may be to use international expertise to avoid depleting the national administration from its best professionals and to maximise use of scarce foreign exchange. Also, if nationals decide to take up international co-operation contracts, they should leave their positions in Government, if they have one, to avoid having to carry a dual role. Topping up of salaries, an issue that came up in the IP, is not allowed by UNDP policy and this must be adhered to by UNIDO.

The evaluators find that the issue of national versus international experts cannot be generalized and based on an a general rule. While the use of national experts should be encouraged to the maximum extent possible, the UN rules of neutrality, independence, particularly in instances with sensitive governance issues, as well as UN payment modalities must be strictly adhered to. International experts should be used whenever required by the specific activities, needs and environment of the project. More details on this point are provided in the section of this report relating to the single components with particular attention to implementation modalities under component two.

3.5 Programme integration

The concept of integration relates to the following levels¹:

- Integration with national development priorities
- Integration with UNDAF and other multilateral and bilateral programmes

¹ Guidelines for the Formulation of Integrated Programmes, UNIDO, June 1999.

- Services provided at the level of policy, institutions and enterprises and mutual reinforcement through the three levels of intervention
- Integration of services and UNIDO multidisciplinary expertise in support to jointly identified national constraints and problem areas

The linkage to the priorities indicated under the relevance of the IP in chapter 3.1 led to a number of spin-off effects and to UNIDO's involvement in other multilateral and bilateral activities. Based on the experience acquired in the context of the SME projects in the provinces, UNIDO participated in the World Bank/USAid study on the reduction of administrative barriers by providing the provincial perspective of development constraints of the private sector. UNIDO contributed to the JICA comprehensive development programme for the Angonia province (study on the economic potential in Tete). The experience acquired and the achievements of the SME project in Zambeze were instrumental in promoting the same concept and approach in other provinces. Activities are envisaged or ongoing in all Central Provinces (Zambeze, Tete, Sofala and Manica) and Cabo Delgado because of a strong interest by the local authorities. Other donors and agencies are at present promoting the same concept.

Based on the private sector and environment related activities envisaged under the IP, UNIDO has been nominated lead agency in the area of employment and private sector development and is participating in the area of environmental management of UNDAF.

The Integrated Programme as originally formulated and the project documents under the different components address national, multilateral and bilateral priority areas and envisage linkages at the levels of interventions, particularly policy and institution capacity building. As mentioned in Chapter 3.2., the programme document and the project/component documents are weak in terms of establishing linkages and synergies among components. This shortcoming is reflected in the way the programme has been implemented so far. Weak explicit co-ordination activities have taken place. In fact the different activities have been implemented in a relatively isolated manner and coordination opportunities and benefits have been limited.

The participation of representatives of the different institutions and bodies established or assisted by the IP in each Governing board has not been exploited sufficiently to increase synergy between components.

The synergy effects that the evaluation team was able to detect are summarised in the table below:

SYNERGIES IN MOZAMBIQUE INTEGRATED PROGRAMME	
Coordination	Resulting benefits
Coordination of inputs and activities	<p>Cost saving (efficiency) on the input side</p> <ul style="list-style-type: none"> • <i>The International Expert and a counselor of CADI were used for the assessment of the UNDAF prodoc.</i> • <i>Under activities of Quality week in 2001 the International Expert worked for INNOQ and SME development (BU).</i>

<p>Support provided by two or more components to the same target group</p>	<p>Increased effect and impact of the services</p> <ul style="list-style-type: none"> • <i>Some companies under the Fishbone project were provided with services through CADI, Agro- Industry and MNCPC projects.</i> • <i>Assistance to starting entrepreneurs through creating BUs (conducive business environment) and strengthening of training services for entrepreneurs under SME development</i> • <i>AIMO provided with service provider and rehabilitated offices to: CADI and NCPC for their members. Salt Association and FEMA incorporated in AIMO</i>
<p>Improved inter-institutional cooperation arrangement, including public/private sector cooperation arrangements</p>	<p>Increased efficiency and effectiveness and impact of the services</p> <ul style="list-style-type: none"> • <i>Bringing together and training members from various government institutions, stimulating coordination and cooperation of relevant private and public sector previously working in an unconnected manner, through the steering committee of CADI.</i> • <i>Forging linkages between different provincial BU.</i> • <i>Forging cooperation between INE and DNI and capacity building to the provincial directorates of the SME development projects through Industrial Statistics project.</i> • <i>Improve linkage of provincial private sector associations to the CTA, confederation of economic associations.</i>
<p>Service provided simultaneously at the level of strategies and policies, support institutions and enterprises</p>	<p>Increased effectiveness and impact of services</p> <ul style="list-style-type: none"> • <i>Trade related capacities may increase through UNIDO interrelated services for the development of a national policy on quality, the establishment of a national metrology laboratory and the support to pilot enterprises in the agro-food sector to improve product quality and safety), if such interventions are sustained.</i> • <i>Conducive environment for SMEs improved through creation of BUs; capacity building at Provincial Directorate level; municipality study on administrative barriers</i>
<p>Coordination/cooperation with UNDAF and other multilateral/bilateral cooperation agencies</p>	<p>Increased delivery speed and results of UN- wide initiatives</p> <ul style="list-style-type: none"> • <i>UNDAF process strengthened or enhanced and speeded up through UNIDO contribution in private sector, employment and market development based on the results of the IP on private sector development. (UNIDO was co-editor for chapter 3 of the UNDAF document that has a reference to the IP.)</i>

4. PROGRAMME RESULTS

The most important results expected from the IP are of a capacity building nature. Capacity building refers to the processes set in motion in government, institutions and private sector that help to induce or strengthen their abilities to perform better. In this chapter the evaluators show a number of such processes set in motion that if sustained will lead to developmental impact.

The evaluators followed a non-standard approach to present results in this report. Results are here classified according to the level of intervention (policy, institutional, human resources and enterprise). Reasons for this different approach are given at the end of this section.

4.1 Results at policy level

- Support to the public-private sector dialogue and partnership building. Inputs provided to the annual conference on private sector. Recommendations made by UNIDO to set the process in motion adopted at the 2001 conference.¹ Project document prepared for sustaining the process.
- Inputs provided for ongoing work on elimination of administrative barriers to enterprise creation and development. Contribution to red tape study. High potential in the process of regulatory changes once one-stop-shops in other provinces than Zambezi will be operational.
- Interaction and awareness building among large amount of public and private bodies at national level and in seven provinces on the need for a national strategy for food safety. Project document prepared for sustaining the process based on a Food safety action plan prepared and approved by MIC.
- Increased legal compliance with enterprise registration; reduced costs for doing business and obtaining licenses.
- A first draft of the National Quality Policy Paper prepared.

4.2 Results at institutional level

- BU established and operating in Quelimane and under establishment in Beira, Tete and Cabo Delgado.
- CADI established providing management related advisory services to SMEs at accessible prices, subsidized 50 % by PoDe.
- NCPC established and providing environmental related services to enterprises.
- INE equipped (in terms of equipment, manuals and human resources) to carry out a new system of enterprise registration (“cadastro”), annual survey of enterprises and industrial census. System of industrial indices prepared.
- Quantity and quality of statistical information in the provinces (Zambezi) improved and computerized through build-up of databanks.
- Associations of trainers in basic management development established in Zambezi and Tete. Training manual adapted to local needs developed under the programme, tested and handed over.

¹ Implications and Benefits of Sustainable Public-Private Sector Consultative Mechanisms. UNIDO, Vienna 2001

4.3 Results in human resource development

- 150 national staff made aware of issues related to food safety and build-up of a roster of national consultants in the food area.
- 20 representatives of enterprises and associations apprised of new system of enterprise registration (“cadastro”) and annual survey.
- 20 specialists of INE and MIC trained on of new system of enterprise registration and annual survey.
- A number (around 100) of prospective micro entrepreneurs trained in basic management courses in four districts in Tete and in three districts in Zambezi.
- A number (not quantified) of salt producers trained in management and technical matters.
- Awareness campaign in enterprises on HIV/AIDS (contribution to UN-wide efforts) and establishment, under CTA, of the NGO “Empresários contra SIDA”, opened in June 2002
- 13 consultants on management development trained under CADI

4.4 Results at enterprise level

- 41 enterprises in the Zambezi province benefited from BU (more enterprises in formalized sector, process of firm and job creation facilitated and sped up)
- Cleaner technologies explained to ten companies. Awareness raised in an issue not yet considered important by enterprises. Some (three visited by the evaluators) are introducing changes on waste separation, effluent treatment and water re-use.
- 11 salines rehabilitated after floods; now again operational. 400 people retained their jobs and are producing 15,000 - tpy of salt

4.5 Results in terms of project documents prepared but not financed

- 5 projects under the Italian package
 1. *Public-private partnership policy consultation mechanism*
 2. *Investment and technology Promotion*
 3. *Establishment of Balcão Único in the Manica Province.*
 4. *Strengthening of AIMO service capacity*
 5. *Promotion of food safety and processing.*
 - Artisan gold mining (No donor)
 - Governance support Information network (PODe)
 - Strengthening of MIC (PODe)
 - Industrial sector survey (PODe)
 - SME support in Niassa (Pending Ireland funding)
 - Strengthening of INNOQ (pending Sweden funding)
 - Industrial HRD Survey (PODe)
 - Support programme for private sector development and sustainable livelihood
 - (under completion) Financing expected from UNDP/UNDAF
-

In any programme or project of technical cooperation **results** are expected at the different levels of its structure (development objectives, immediate objectives, outputs and activities). Results at these levels, in accordance with accepted terminology, are thus called: Impact, outcomes, effects and attainment of activity milestones. In-depth evaluations concentrate on the three top levels. In an integrated programme, **impact** refers to the achievement of the global objective of the programme, **outcome** to the achievement of the objective of each component and **effect** to the production of the outputs mentioned under each component. This should have been the logical structure of this chapter.

However, this was not possible to be done in this evaluation because of a combination of reasons indicated below:

- The above-explained structure needs still refinement when evaluating in-depth IPs, this being the first exercise of the sort. For instance, outputs in this IP correspond to the classic stand-alone project and therefore, using the above structure, results are lowered of one level.
- The IP document for Mozambique classified incorrectly some of the immediate objectives, outputs and activities. Success indicators are included in the IP document for each output but are seldom quantified.
- A considerable number of components and outputs were added or changed during the implementation of the programme, while its design remained static.
- The IP document included many preparatory activities, which never became operational. In such cases, the only tangible effect produced was a project document that MIC does not consider being a result.
- Even in the best of scenarios, the time elapsed is still relatively limited to show significant results at the level of impact and outcomes. Furthermore, due to the support nature of most of the activities undertaken, some of the results listed cannot solely be attributed to the IP.

Finally, the evaluators could verify that the sustainability of all institutional building interventions in Mozambique (multi- and bi-lateral) are problematic and donors “go soft “ on this issue since there is a big uncertainty on the sustainability of institution when and if donors pull out.

5. EVALUATION BY COMPONENT

5.1 Component 1 “Policy Development, Implementation and Monitoring”

Design

This component addresses the inadequate capability of the government to formulate and implement industrial policy; to dialogue with the private sector; and to collect and process industrial statistics. It was to be implemented through seven outputs, self-explanatory, as follows:

- A more market/service oriented Ministry of Industry (MIC) with the capabilities for policy formulation/implementation including public-private sector consultative mechanisms, industrial statistics and information technology.
- An established public-private sector National Consultative Council with a corresponding private sector facilitation secretariat.
- An upgraded Industrial Association of Mozambique (AIMO) with capacity/capabilities to contribute effectively to industrial governance/provide valuable services to its members.
- A comprehensive Industrial Sector Survey focusing on competitiveness, growth potential and investment opportunities.
- An Industrial Human Resource Development Survey Strategy and programme for sustainable IHRD with specific focus on gender in development.
- Industrial statistics operations in the National Institute of Statistics upgraded and capabilities strengthened for collection analysis and dissemination of industrial statistics.
- An established governance support information network.

The design of this component in the original programme document is correct. It referred, *inter alia* to the facilitating rather than directing role of the Ministry, in line with the current market orientation of the economy, foresaw linkages with ongoing activities to further the private-public sector dialogue where USAid and the World Bank group are deeply involved. An Industrial Sector Survey (which can be interpreted as an update of a similar exercise carried out by UNIDO in 1987), an Industrial Sector Manpower Survey, improved industrial statistics and an information network were to support the component through specialized services. While the logic and design of this component is correct, it is deemed to have been far too ambitious, taking into consideration that no funding at all was available and the limited absorption capacities of the related institutions, in particular MIC. In view of the initial lack of funding, implementation of this component was composed solely of preparatory activities, matter that is not clear in the IP document. During implementation, a few design changes were introduced in this component, as follows:

- A new output was included, namely:
Training of provincial MIC staff involved in the IP. This was to upgrade the provincial DPIC's (Direcção Provincial de Industria e Comercio) much in line with what was foreseen under output 1.1 for the central Ministry.

- It seems that the Industrial Sector Survey has been limited to the textile, metalworking and agro-industry sub-sectors. The evaluators fail to understand the rationale behind this change since the survey would not be comprehensive even in these sub-sectors constitute the bulk of industrial output. Furthermore, the cost of the exercise would not be too different.

Funds mobilization

As mentioned above mobilization of funds for this component was to be undertaken from scratch. It was expected that PoDe would be a good source of funding and consequently proposals to fund outputs 1.0, 1.1 and 1.4 were made. Such proposals were rejected by MIC but somehow UNIDO HQs misread the reasons for this rejection. The problems originally presented for the rejection were the inclusion of support costs (later eliminated by UNIDO) and an excessive requirement for international over national expertise. However it turns out that the main reason is that MIC is of the opinion that funds originating from an international organization should not be used to pay for services of another one. If this position had been clear from the beginning much work and preparatory assistance funds would have been saved. In the meantime the proposals prepared need updating or seem to be no longer needed. Activities under this component, mostly of a preparatory nature, were financed by UNIDO seed money, UNDP (USD 99,000) for output 1.2 as well as NORAD (USD 140,060) for operations under output 1.6.

Operational activities under outputs 1.2 and 1.3 await financing from Italy, and under outputs 1.0, 1.1 and 1.4 have no identified source of funding. Outputs 1.5 and 1.7 seem no longer needed. Output 1.7 seems to be completed but possibly limited complementary financing may be needed to terminate the work.

A transfer of USD 30,000 from output 2.1/2.2 to this component to replenish FFPI could not be made because of UNIDO's policy not to engage directly in enterprise financing. This created bad feelings in MIC.

Contribution/Coordination to/with other components

Being this component the overall umbrella of the IP, extensive linkages to the other components were foreseen in the document. In practice and since the vast majority of activities were of a preparatory nature, this did not happen. The contribution to the widely quoted red tape study¹ by the experts serving under the component 2 – BU, had a definite bearing to the 2001 conference of the private sector. The work on statistics at central level has to be coordinated with similar work undertaken at provincial level in the context of the establishment of BU, but it is not yet the case.

Relevance

Being MIC the entry point for the IP, it is understood that activities in support of its facilitating role and increasing dialogue with the private sector, are clear and relevant.

¹ Moçambique: Continuando a remover as Barreiras Administrativas ao Investimento. June 2001, MIC and CTA.

Implementation

The only output where there was implementation of operation activities was the one related to Statistics so our comments are limited to this output.

Activities took place mostly on enterprise registration and survey; and data processing. It was carried out by international and national consultants whose work was deemed by all beneficiaries (MIC and INE) as quite good. In particular, an international expert prepared a plan of action to improve INE's work with detailed recommendations, which is being followed up. Complementary assistance may still be needed to implement some of these recommendations.

Manuals for the establishment of a new system for registration of enterprises and for the establishment of industrial indices were prepared by INE with support of the consultants.

INE feels better prepared to undertake an industrial census, which was starting at the time of the evaluation.

Activities in support to and coordination with the statistical work undertaken within DPIC's could not be carried out in view of lack of funding for the counterparts travel to the provinces.

Ownership/participation

Activities under private-public sector dialogue have a strong and genuine ownership from both sides. Interest of MIC is still strong on outputs 1.1, 1.4 and 1.6 as well as interest of the private sector in output 1.3 but this interest may wane if funding is not secured soon and operational activities started. Output 1.0 seems to be of no interest any more to MIC although at provincial level the interest remains. Outputs 1.5 and 1.7 are no longer needed.

Results

It is still early to talk about results of this component.

The improvement on industrial statistics starts barely to be felt. Despite all the publicity and mutual interest on the private-public sector dialogue, benefits seem to be not yet perceived at enterprise level and the State is still seem as an impediment rather than a facilitator.

One result achieved under this component is the contribution provided by UNIDO on the concept and mechanisms for Public-Private sector consultations. A UNIDO report was presented and adopted at a high level national seminar held in Maputo in March 2001. The report recommends how to establish a sustained national consultative platform based on the individual consultative commissions in the line ministries. This contribution is acknowledged and appreciated by MIC.

Sustainability

It is too early to talk about sustainability in this component except in the case of Industrial Statistics where the improvements brought about by the IP seem to have been embraced by the relevant staff of INE and MIC.

5.2 Component 2 “Regional Industrial Development through Support to SMEs”

Design

This component was originally composed of:

- Pilot plants for processing of cashew apple, tomato, mango and pineapple.
- A business support information network for SMEs.
- Regional extension services
- Selected NGOs strengthened for entrepreneurship development.
- Upgraded institutional arrangements and streamlining of regulatory frameworks.

The component inherited two projects financed by Japan and Austria on SME development, which gradually derived towards the establishment of the so-called “*Balcões Únicos*”, an instrument to facilitate/revise the regulatory environment under which all enterprises strive.

A failed experiment with the establishment of a pilot plant to process cashew apples and the emergence of widespread support (essentially provincial governments and private sector) to the BU concept, made it necessary to change this component that got composed of:

- 2.0 Contribution to Red Tape study.
- 2.1/2.2 SME Support in Zambezi/Tete.
- 2.3 SME support in Sofala
- 2.4 SME support in Niassa
- 2.5 SME support in Cabo Delgado
- 2.6 SME support in Manica
- 2.7 Food Safety in the Food Processing Sector

MIC criticized this change with the argument that the original terms of reference of the IP were not adhered to. While this argument is correct, the evaluators feel that the changes were motivated by new needs (2.0 and 2.7) or re-orientations (SME support) to support new activities (establishment of *Balcão Único*) and are therefore warranted.

A special reference should be made to the new sub-components 2.1, 2.3 and 2.7. Sub-component 2.1 was in fact brought under the IP from an ongoing project financed by Japan: TF/96/ MOZ/002, which had started in 1997, covering only the province of Zambezi. This project had started training trainers to provide rather basic management development courses to emerging enterprises and to develop associations of trainers and small- and micro-scale entrepreneurs and later on embraced as well the development of the concept and establishment of the *Balcões Únicos*.

Sub-component 2.3 started under a project financed by Austria US/MOZ/98/041, which started in 1998 and was composed of two phases analyzed under “*implementation*” in this component. At any rate, this project re-emerged in 2002, also with the aim to establish a BU.

Sub-component 2.7 was added because of a request from MIC to develop a Food Action Plan. The study eventually identified a gap in food safety, which became the main theme under this output. This sub-component does not fit here and should have been included in a separate component dealing with the food industry sub-sector, which is of high priority to the government.

Funds mobilization

As mentioned in the previous heading, this component had started with earlier financing from Japan and Austria. The former extended its assistance, albeit in a more limited manner to Tete, while the latter, after an interruption of activities in Sofala in the year 2000, is to re-start activities under the same source of financing still this year. Due to the success and the publicity given to the concept of BU, NORAD decided to fund sub-component 2.5 and SIDA is planning to finance 2.4. 2.6 waits financing under the Italian Package. 1.0 received no direct fund allocation and was undertaken by contributions of the international experts assigned elsewhere under this component. Preparatory activities for 2.7 were financed with UNIDO seed money while operational activities wait financing under the Italian Package.

Contribution/Coordination to/with other components

While there is very good coordination between the sub-components 2.0 through 2.6, there was little coordination with the other components possibly because the former had already acquired a life of its own before the start of the IP. Sub-component 2.0 has a bearing with sub-component 1.2 and the results of the former have been fed into the latter. In fact the red tape study was a major contribution to the Public-Private sector dialog. Sub-component 2.7 seems to have been implemented in isolation. Since the question of food safety touches the question of standardization and quality control, this subject should have been analyzed with the cooperation of INNOQ, which does not seem the case.

Relevance

As discussed under Socio Economic Context, the situation of micro- to medium scale industrial enterprises is rather precarious either because of the economic environment, the administrative hurdles placed on their registration and development as well as the lack of all kinds of management skills. Food Industry for a country with considerable food resources but little industry is definitely a priority sub-sector. Therefore this component is definitely relevant for the prevailing conditions in the country.

Implementation

Implementation of sub-components 2.0 and 2.7 developed smoothly. The same may be said of 2.1/2.2, which led to the establishment of a BU in Quelimane and the

imminent establishment of the same in Tete, provided the national personnel to staff the BU in this city is appointed. Implementation of the BU in Beira (2.3) was marred by considerable misunderstandings. This component started with a preparatory phase in 1998 which analyzed the situation and constraints of the SME sector in Sofala. This was to serve not only as a basis to the operational phase of assistance which had an institutional building aspect, that is, strengthening of associations, government provincial departments, etc. with training and some direct interventions at enterprise level. It was also to provide inputs to a considerable broad range of bilateral activities in the Province. Misunderstandings between the international expert, the Austrian coordinator for bilateral programme in Beira, the Government and the involved private sector association led to the sudden departure in 2000 of the expert. He left behind ten studies in various stages of completion. There was no activity in the province from October 2000 until October 2001. Still, these studies were of quality and served as a basis for the work started by another international expert, who was posted in Beira in October 2001 until July 2002, when funds were exhausted, and when he departed to Cabo Delgado to serve under a similar project there.. The continuation of activities under this sub-component awaits for the approval of further financing by Austria and the nomination of a director for the BU. Little work seems to have been undertaken under component 2.4 and 2.6, awaiting possible financing respectively by Sweden and Italy while work has started in 2.5 by the international expert previously in Beira who moved there upon the insistence of the donor for this sub-component NORAD.

Implementation of activities referring to the BUs suffered from insufficient communication with the high levels of MIC and different interests of the central and provincial authorities. There were also problems regarding expectations created by the original design of the SME component with industry associations which could not be met and, in two cases, with direct support to DPIC, that was not undertaken. Certain activities undertaken under the establishment of BU in Tete and Sofala led to inputs to bilateral programmes.

- In Tete, assistance was provided to the preparation by JICA of the Development Master Plan for the Angonia district.
- In Sofala a number of studies prepared under project US/MOZ/98/041 were allegedly used for the Austrian bilateral programme in this province.

Ownership and participation

The evaluators could ascertain a strong sense of ownership of provincial governments in the concept of Balcão Único. Conversations with three governors of Central Provinces revealed, not only this sense of ownership but as well the need and related difficulties in establishing a legal basis for such offices and ensuring a continuing financing under the national budget. The evaluators were informed that this matter has been discussed in meetings of governors of the Central Provinces and allegedly in meetings of the cabinet. The evaluators, during their discussions with various representatives of the public and private sectors found that several parties claim parenthood of the Balcão Único concept, which is a good empirical evidence of its success, if not, of its popularity.

Regarding the “red tape” study the evaluators could ascertain that this is a problem affecting all types and sizes of enterprises and that the government, at the highest levels, seems genuine in ensuring that it becomes a facilitating agent and not an hindrance to private sector development.

Results

A study on the Balcão Único of Zambeze reveals impact in the facilitation of registration of enterprises. This could be ascertained by direct interviews by the evaluators with selected entrepreneurs who used the BU. While in most cases the BU cannot claim to be the sole responsible party for the formalization of enterprises, it can claim that it sped up the process of licensing and consequently of enterprise creation or formalization. In a few cases, entrepreneurs indicated that, if it were not for the BU, they would have remained in the informal sector since they were set back by the extreme bureaucracy and instances of corruption involved in the previous system. The contribution provided by this component to the “red tape” study cannot claim to have had a direct impact in the reduction of red tape related to private sector development but at least contributed to single out the problems.

An activity undertaken under this component refers to the training of trainers by the international experts which has produced some tangible results at the enterprise level. A training manual was developed by the international experts, which was found, through interviews, to be of good quality and suited to the needs of entrepreneurs in the provinces. Entrepreneurs interviewed found the training useful as it contributed to opening their eyes on several basic but important management issues. For instance, the evaluators interviewed three entrepreneurs in the Milange district of the Quelimane province who claimed that, after the training, they were able to better structure their business and to learn new management ways, for instance, in marketing. However, the entrepreneurs also regret the lack of training continuity and expressed the need for more specialized and advanced courses, for instance in quality and marketing. The evaluators noted that some of the target groups at district level were too micro for the UNIDO type of intervention.

In Zambezi and Tete, training of trainers in entrepreneurship development led to the creation of associations of trainers (FORZA and FORTE) which operated through NGOs such as World Vision in Tete. In this case eight trainers are to mobilize and train community volunteers of their rural development work to become micro entrepreneurs.

Results under the food sub component refer to increased awareness and knowledge gained by around 150 entrepreneurs and government officials who participated in several seminars organized by UNIDO on food safety through the country. Furthermore a roster on national consultants in the food area has been built-up. However the evaluators could not verify the latter results.

Sustainability

Sub-components 2.0 and 2.7 are of a direct support nature, consequently sustainability is not applicable.

In the other sub-components, sustainability essentially relates to the BU concept. BUs are being established in the absence of a legal identity. Had the government waited for this establishment, possibly not a single BU could open. This opening occurred by the strong will of provincial authorities. At present, facilities and staff are provided informally by the Governorates. Sustainability will depend from a complete definition of the reach of such offices and their institutional and financial dependence. This will take some time to achieve. Payment for the services of the BUs is being contemplated. However, care should be taken so that BU is a facilitating mechanism and not another hurdle and source of costs. Furthermore, the continuous provision of uncommitted and independent expertise, as delivered up to now, will play a crucial role in the definition of the concept and consequently in its sustainability.

5.3 Component 3 “Investment and Technology for Entrepreneurship Development”

Design

This component addresses the issue of attracting suppliers of investment and technology as well as mechanisms to support technology innovation and entrepreneurship development.

In the original programme document four outputs were envisaged, as follows:

- Investment and Technology Promotion programme including identification of partnership opportunities, match-making forums and project completion facility.
- Investment Promotion Centre (CPI) strengthened and links with UNIDO’s Industrial Partnership Promotion Network established.
- An upgraded University Eduardo Mondlane with the capacity to offer services in various aspects of the investment and technology proportion cycle.
- A framework for the establishment of a Technology Development Centre.

During the course of implementation, two changes occurred. The first one referred to the amalgamation of the first two outputs, a logical move since they cannot be separated. The second referred to the transfer of the proposed “service center” from the University to a new body to be established under AIMO.

The proposed Technology Development Center seems to the evaluators a rather unrealistic option since it would be impossible for a single institution or body to supply technology services in the whole gamut of industrial sub-sectors and at the various required depths. Apart from this point, the design is correct.

Funds mobilization

Preparatory activities for the first and third outputs were funded by UNIDO seed money. In the first case (strengthening of CPI) a project document was produced which is waiting financing under the Italian Package. In the second (Technology Center) no project document was produced and no donor has shown interest to finance either preparatory or operational activities.

The second output (Establishment of CADI) was produced with UNIDO seed money and an Indian voluntary contribution with a total of USD 100,000.-. However, further

assistance will be needed to consolidate the sustainability of the institution established.

Contribution/Coordination to/with other components

The integration of the three sub-components is more on paper than the reality. The first one deals essentially with investment promotion. Inclusion of technology seems to have been made to suit the coverage of the backstopping UNIDO Branch. The second deals with simple management courses and finally the third was to deal with industrial technology. The evaluators could ascertain certain integration with output 4.1 (NCPC) since the end user group of enterprises is basically the same.

Relevance

All problems addressed by this component are relevant to private sector conditions prevailing in Mozambique, although the way to tackle them in output 4 does not seem convincing, namely the central provision of technology services to enterprises.

Implementation

Activities related to investment promotion, after two visits of a UNIDO staff member and an international consultant culminated in October 2001 with a project document and a plan of action prepared in cooperation with the counterpart institution CPI. An improved version of this document was delivered to the Italian Authorities in May 2002. An offer made to CPI to place a delegate in the IPS Paris for an initial period of nine months was rejected by the counterpart because of disagreement on the sharing of the related costs. Operational activities have been placed for financing under the Italian package. CPI management is very upset with UNIDO because of the delays and uncertainty of this financing although this is beyond UNIDO's control. In the second output, a Business Advisory Center (CADI) was established under the umbrella of AIMO but with operational independence. AIMO provides facilities and utilities at no cost.

There are a number of institutions [MIC, AIMO, CPI, INNOQ, IPEX, GAPI- a private investment fund, Small Industry Development Fund (public), MARD, Enterprise Mozambique, an NGO and the EM University] sitting in the governing board of CADI which meets once a month. This body has been useful, for instance, to access PoDe, which finances 50 % of the cost of participation at their courses.

The institution responds to consultancy and training needs of SMEs who cannot pay the high local fees (USD 250 upwards) of similar commercial consultants and firms. The plan of actual work is different from one prepared by experts, which was too ambitious and not in line with market needs.

Training is made by consultants selected from the 13 trained under the project by the Indian experts who came for one-two weeks several times. The 13 were selected from candidates submitted by the various organizations sitting in the management committee of CADI under the project.

In addition to training, CADI does business plans at the request of enterprises which seem to have a larger market than training, because such studies are used to solicit credits. Such studies have been done in Maputo but sometimes cover projects in the provinces: Nampula, Cabo Delgado and Zambezi but concern firms established in Maputo.

Activities related to the proposed technology center consisted in a study tour to similar institutions in Ghana and India. Despite the fact that three international experts were fielded and two national experts participated in the preparatory activities, no project document was ever produced and no donor has shown interest in the project.

Ownership/participation

CPI does not seem interested any more in receiving the assistance foreseen under outputs 3.1 and 3.2.

While the presidency of AIMO recognizes the relevance of CADI, it has not provided the support that this institution needs. A stronger participation of AIMO is still needed.

MIC supports in principle the idea of the Technology Center but this institution has not left the ground and its practicability is put in question by this evaluation.

Impact

It is too early to mention impact under this component. Even the courses and extension services provided by CADI are yet to leave a mark.

Sustainability:

While the training in CADI is 50% subsidized by PoDe (Charged at USD 100 a day of training), the studies are not. Self-sufficiency of CADI is not yet assured since the market is limited and firms are not willing to pay for services.

5.4 Component 4 “Environment and Quality Management”

Design:

This component, as indicated in the programme document, addresses the inadequate institutional arrangements and mechanisms to ensure competitiveness and sustainable industrial development, including the awareness of public/private sector enterprises on pollution abatement, continuous improvement and quality management, a rather sweeping and ambitious objective. In the same document, it is indicated that this objective is to be achieved through the production of seven outputs as follows:

- 4.1 National Cleaner Production Center established.
- 4.2 Solid waste pilot system for environmental management in the Matola municipality and the Machava industrial area.
- 4.3 Pollution abatement services for Artisan Gold Mining at the central and northern provinces of Mozambique.
- 4.4 Selected enterprises upgraded for quality improvement, environmental compliance and enhanced business performance and competitiveness.
- 4.5 Programme for restructuring and modernization of post-privatized enterprises.
- 4.6 National Institute of Quality, Standardization and metrology (INNOQ) upgraded with an operational information and documentation center and with increased capabilities for quality policy formulation and quality system development.
- 4.7 Established laboratory with networking capabilities for accreditation requirements and legal metrology capabilities within INNOQ.

Outputs 4.4 and 4.5 should be, in effect, the objectives of the component as a whole. It is noted that the document does not refer to the need to separate standardization from QC and legal metrology and lumps all services in the same institution, which, furthermore, has limited capabilities. The evaluators would hope that these aspects are properly dealt with in the national quality policy paper under preparation..

During implementation the outputs above were changed as follows:

4.2 The reach of this output was limited to the Matola municipality. 4.3 and 4.4 were substituted by an output entitled “*Integration of Support through the IP to Mozambican enterprises (Fishbone)*” a UNIDO HQ financed device to supply inputs to various components aiming at providing quality, environment and business services to Mozambican enterprises. Thus, services are foreseen in support of outputs 2.7, 3.3, 4.1,4.6 and 4.7.

Funds mobilization

With the exception of output 4.1 that had already funding assured from Italy (USD 850,000.-), preparatory activities were needed and funds had to be mobilized for the remaining outputs. USD 30,000.- were thus obtained from Hungary to implement output 4.2, USD 30,000 from Sweden for preparatory activities and to prepare a national quality policy paper, while USD 500,000 were provided under UNIDO seed money for output 4.5.

Contribution/coordination to/with other components

Apart from the fishbone output, which liaised with other components, all others appear to have had little if any coordination with the other components. This is acceptable for outputs 4.2 and 4.3, which have a rather limited, and specific audience. In respect of outputs 4.6 and 4.7 contacts with enterprises could have been done through or with the cooperation of AIMO and CADI, which have the support of the IP. Finally, consideration could have been given to the amalgamation of NCPC and CADI due to the difficulties in assuring the sustainability of single institutions. An institution providing management and environmental related services to industry would have better chances of survival than two separate institutions.

Relevance

All outputs included in this component and in subsequent changes are relevant to the problems faced by industrial enterprises.

Implementation

The NCPC was established under the umbrella of an NGO FEMA (Forum Empresarial para o Meio Ambiente), that has a long relationship with UNIDO and is supported by USAid. FEMA does not seem to conveniently monitor and guide the NCPC. The staff of the center was trained in India and international expertise was supplied from two other NCPCs established by UNIDO. Seven pilot companies were audited. A second set of five audits has started at the time of the evaluation. Companies visited by the evaluators reported a mixed performance of such expertise. However the companies' audit reports prepared were judged of high quality but were received too late. A dialogue of NCPC Maputo with the two other NCPCs above mentioned does not seem to be working.

The director of the NCPC was dismissed in June 2002 allegedly because of under - performance and an interim director is in place.

A solid waste pilot system was developed for the Matola suburb of Maputo. A waste management plan was prepared and collection fees established. A pilot operation of waste collection lasted three months. However, the Municipality did not set and enforced a system of collection fees and did not procure the necessary waste collection equipment. Another location is being sought where the experience could be pursued.

A UNIDO staff member and an international consultant after extensive missions to several mining areas, prepared a project document for component 4.3. An awareness seminar with all parties involved took place in June 2001 where the document was

discussed. MICOA, the counterpart ministry has not placed this question in their priority list and consequently it has failed to attract the interest of donors.

Implementation under the fishbone subcomponent is described under the various outputs which received inputs financed by it, that is 2.7, 3.3, 4.1,4.6 and 4.7.

Under output 4.4, in June 2001, a two-day national workshop undertaken attracted 180 participants. This means that quality starts to be a preoccupation of certain industrial enterprises – verified also by the evaluators during company visits- but the national institution dealing with this subject seems to be caught in a vicious circle. It tries to cover too much ground, but it still has no outreach to enterprises. In 1999/2000 International expertise leading to the preparation of a draft quality policy paper, to which the mission had no access, was provided under this subcomponent.

The evaluators could not visit the metrology laboratories, which received refurbishing under the UNIDO project. Training abroad of staff was also provided. A rather sophisticated mobile metrology unit was purchased under the project but the question of payment of custom duties and the high maintenance cost of the equipment are not assured. The evaluators did not see a plan for the utilization of the unit. Complementary assistance financed by SIDA to , inter alia, complete the policy paper referred to above has not been released. The management of INNOQ blames all its problems to UNIDO. The whole assistance to INNOQ under the IP seems to be at a standstill.

Ownership, participation:

Ownership in this component has been particularly weak. FEMA, despite a interest declared to the evaluators does not seem to have much information and control of the NCPC which affects the latter sustainability.

The Municipality of Matola and MICOA lack of follow up action has practically frozen implementation of outputs 4.2 and 4.3. Ownership does not apply to outputs 4.4/4.5, being simply a mechanism to provide inputs to various components.

While ownership of INNOQs management in the two last two outputs is evident, the same cannot be said of the tutelage ministry. Furthermore, the private sector does not perceive INNOQ as a purveyor of services so ownership of the private sector is absent.

Impact:

The enterprises assisted on a pilot basis by the NCPC have not yet started to implement the measures recommended so impact could not be identified. However in one large enterprise visited by the evaluators, changes are being planned in water use which should result in substantial water savings. For the other outputs, there is still no impact.

Sustainability:

The established NCPC has problems of sustainability. The services to be provided need subsidies, which are not available. Industry will not be willing to pay for the full costs of services. Enterprises do not consider yet environmental services, as a priority need. There is no sustainability in the intervention at the Matola municipality in waste management. INNOQ has not yet entered into services to Industry. Its budget is by far insufficient to support the whole gamut of activities it proposes to undertake.

5.5 Component 5 “Support to industry affected by the 2000 floods”

Design

This component was launched as urgent response to the need to rehabilitate the salt production industry after the floods. No project document was prepared. The activities were carried out on the basis of an action plan prepared as urgent response to the floods. The plan envisages: assistance to the small producers in the southern region in Mozambique recuperating their basic production equipment; assisting APSSS in doing feasibility studies for being eligible for commercial lending; help APSSS lobbying to waive import duties on small industry equipment or exemption from tax; enhance APSSS organizational and institutional capacity; enhance product quality. In the medium term, the programme envisaged the promotion of management and technical training courses, setting up a national association of salt producers and setting up of a proper salt industry.

Funds Mobilization

Programmable funds in the amount of US\$ 100.000 from Ireland were allocated to this component.

Coordination with other components

This component benefited from cooperation with CADI that provided a number of training courses in management and supported the Salt Association in preparing a plan for the establishment of a salt iodization factory at present being negotiated with Spain under a soft loan. The Salt Association was incorporated in AIMO and is benefiting from joint premises.

Relevance

This intervention was designed as UNIDO response to the floods in Mozambique in order to support salt producers south of the Save River to rehabilitate the salt production plants, re-start production and re-employ hundreds of workers as well as to get access to flood relief credit. The activity was definitely timely and of high relevance.

Implementation

This component has been fully implemented in an efficient and effective manner. The recipients acknowledged the important technical and coordinating role of the UNIDO Maputo office that has been instrumental in ensuring success of the activities. The following activities have been implemented: eight diesel engines and water pumps

have been rehabilitated; three new Diesel engines have been acquired for the Inhambane province; 11 feasibility studies by the Mozambique sub-contractor Austral have been completed; an expert from Seniores Italia has carried out a macro economic study on the Mozambican salt sector that will serve as platform for further promoting the sector, including in the provinces; CADI carried out capacity building and management training activities directed at strengthening the Salt Association (APSSS); the Association has been established through the project and is housed within the premises of the AIMO building.

Ownership/participation

The entrepreneurs have taken strong ownership of all the activities and are determined and capable of sustaining the results achieved so far and have also clear-cut plans concerning the future development of the salt sector in Mozambique. APSSS is definitely a success story in terms of ownership and participation by the target beneficiaries.

Results

As a result of the rehabilitation, salt production could re-start quickly after the flood and was improved, quantitatively and qualitatively. 400 jobs were kept. Import substitution and commercial activities re-started. One good example of impact is Salinas Zacarias, which increased its workers from 30 to 114 and envisages increasing them to 200 in the short term. Production tripled within this period.

The eleven techno economic studies prepared by UNIDO through the Mozambique consulting company AUSTRAL are now being used by the respective entrepreneurs as bankable studies to obtain commercial funding. The entrepreneurs are highly satisfied with the quality of the studies, which are considered '*of international standards*'.

Due to the lobbying carried out under the project, since December 2001 iodated salt is no longer subject to VAT. An agreement with CADI led to a number of training courses in management (UNIDO covered 80% of costs, participants 20%). CADI also supported the Salt Association to make a plan for the establishment of a salt iodization factory that is now being negotiated with Spain under a soft loan (USD 2 million)

A macro economic study carried out by the expert of Seniores Italia sets the base for a future strategy of expansion of associative activities to the provinces in the North, especially Cabo Delgado. The Association has taken full ownership of the study and intends to play an active role in promoting its implementation. Through the project and thanks to the strong continuous advice of the local office, the Association was established within AIMO premises. The entrepreneurs consider this a key step for the creation of an '*identity*' and for working together in an associative manner; expansion to the North is planned. The Association is now in a position to carry out a constructive dialogue with MIC.

From the above it can be seen that all short-term objectives of the action plan were achieved and even exceeded by tackling already some of the medium term ones.

Sustainability

Considering the strong commitment and ownership as well as the dynamism of the Association and its members, sustainability is ensured. Phase II of the IP should consider expanding the salt related activities to the Northern Provinces along the lines proposed by the macro economic study and under the leadership of the APSSS.

5.6 Component 6 “UNDAF”

Design

This component consists of two outputs designed to respond to new requirements. In fact UNDP Maputo, in the context of UNDAF, has requested to UNIDO to prepare project proposals for a maximum of USD 2 million, within the IP to deal within on the social dimension of the IP (employment, gender, community and human resource development) and to stimulate the private sector in dealing with HIV/AIDS. The original idea was to prepare two project documents. Subsequently, allegedly on UNDP's advice, only one project document will be prepared which will cover :

- Review of Industrial Trade Performance
- Common production/service facility for cashew processing.
- Common/production/service facility for salt
- A pilot programme for solid waste management in Maputo.
 - An established web-based information resource on HIV/AIDS and Industry

The document is still under preparation so the evaluators cannot pronounce on it.

Funds mobilization

Activities so far have been conducted mostly by UNIDO staff. Operational activities should be funded under UNDAF.

Relevance

Mozambique being one of the least developed countries, the UNDAF programme is essentially focused on poverty reduction in the framework of the national action plan for the reduction of absolute poverty. In order to bring the IP more in line with UNDAF's objectives, the output on social aspects of the IP was included. Equally relevant is the action against HIV/AIDS. The national economy, in addition to the usual constraints, is particularly affected by the spread of this disease.

Implementation

The subject of impact of HIV/AIDS in the private sector has been raised several times at the annual private sector conference but no concrete action has been taken except by some NGOs and multinationals. In September 2000, UNIDO and UNAIDS managed to establish, under the umbrella of CTA the working Group Business against AIDS which opened formally in September 2002. Still, activities under this component have been essentially of a preparatory nature and have been conducted

mostly by UNIDO staff. Operational activities should be funded under UNDAF. Because of this fact evaluators cannot pronounce themselves on the follow up aspects of this component: Contribution/coordination to/with other components, ownership, results and sustainability.

6. FINDINGS OF THE EVALUATION

6.1 Overall findings

The programme has not been formulated and implemented in an integrated manner and did therefore not benefit sufficiently from synergies and coordination between components. The scope of the programme was from the outset much too broad and dispersed particularly as compared with the coordination and management capacities both of UNIDO Headquarters and of the main counterpart in Mozambique, MIC. Sustainability and risks, key issues in Mozambique, have barely been considered and mentioned in the programme document, a shortcoming that has affected negatively programme implementation, transparency and expectations. Despite the number of shortcomings, a number of achievements could be verified. It can also be safely stated that the programme has put in motion -or has been part of- a number of processes that, if sustained, have good prospects for impact.

One of the main achievements so far is the fact that the programme has given UNIDO visibility and has put the Organization on the map of the actors contributing to SME and private sector development. UNIDO has furthermore established a strong and rather unique presence in selected provinces, an asset within the context of the ongoing decentralization process and the reduction of regional disparities. The results identified by the evaluation show progress but not yet developmental impact and few outcomes and effects. This is due to the short life span of the programme, to the excessive breath of activities undertaken and also to the fact that different types of activities were carried out under the programme. Such activities are a mix of preparatory and operational activities such as direct support, studies, skills enhancement and institution building, the former leading only to the preparation of project documents ready for financing but that the government does not conceive as a tangible result.

The degree of participation and ownership by the counterparts has been very varied. The evaluators were able to verify strong commitment and ownership at the level of the provincial components. As concerns the Maputo based activities, the extent of ownership and client satisfaction is mixed.

While having been involved in its identification and formulation, MIC sees the programme on the whole as too supply driven and considers results achieved unsatisfactory as compared to the high expectations that the programme raised. Some counterparts under the various programme components expressed dissatisfaction over the fact that, after the respective projects had been jointly formulated, no implementation has taken place. Since such projects are all pending either with MIC or with donors, this lack of progress cannot be blamed on UNIDO. Rather, the evaluators find that MIC provided weak support in funds mobilization and that the Ministry's de facto absence in this respect proved detrimental to the progress and dynamism of the programme.

As repeatedly stated, the programme faced problems in terms of management, coordination and communication. A key negative aspect, in this respect, has been the absence of a Senior UNIDO Representative in Maputo. Local senior representation is a precondition for success, considering the country's dynamism and the decentralized

implementation modalities by donors and multilateral agencies. MIC requires continuous and direct support on private sector matters and expects the programme to be implemented in a joint and financially transparent manner, two objectives that can best be achieved through high level direct policy and technical advice.

The programme's complex institutional set up and the large number of counterparts involved, including the provincial ones, would have benefited from a strong policy level coordination mechanism in the form of a Steering Committee. Such coordination mechanism was envisaged in the original programme document but did not materialize, apparently because of a decision by the Government not to proceed in this direction. Coordination at the level of MIC lacked continuity and has been carried out mainly at the administrative and procedural levels. Some degree of ambiguity relates to the coordination and decision making process regarding the provincial components.

MIC is critical with respect to the considerable deviations from the original programme design, a well-taken point considering the ensuing difficulties in monitoring the programme. However, it should also be noted that the Maputo UNIDO Office did an excellent job in regularly recording and reporting on the developments within the programme and in ensuring transparency through a continuous information flow. Furthermore, the capability of the programme to adjust to changing needs should be seen in a positive light as the programme is a framework rather than a rigid context and must allow for flexibility subject to adherence to overall strategic objectives.

A point that requires attention is the fact that counterparts perceive UNIDO funds management not sufficiently transparent and that they lack an overview of the way funds have been utilized. The relatively high ratio of international versus national experts is also put in question, considering the Government's policy for national ownership and acquisition of experience in running projects through, among others, a higher use of national expertise. The evaluators find that this issue cannot be generalized. While the use of national expertise should be encouraged as a matter of policy, in a number of instances the better choice is to opt for neutral and independent expertise, based on UN comparative advantages. Care should also be given not to take away expertise from the national public or private sectors and to avoid double roles or topping up of salaries, an approach that is not allowed by UN rules.

6.2 Findings under components

At the policy level, the programme has contributed to develop a concept and mechanism for consultations among public and private sector; has improved the system of industrial statistics; has contributed to speeding up the process of licensing and enterprise creation in selected provinces through the setting up and development of one- stop –shops; has contributed to the red tape study on reduction of administrative barriers and drafted the national quality policy.

The programme established the National Cleaner Production Center and a new institution called CADI devoted to the provision of management services and training to SMEs. While both institutions have problems of sustainability, they have started providing management and environmental related services to industry and have benefited some enterprises. Assistance was provided to the setting up of a national metrology laboratory, although it is not possible for the evaluators to visit it and to

determine to what extent the laboratory is in a position to benefit the private sector. At the enterprise level, the programme has assisted, still on a pilot basis under the framework of NCPC, CADI and BU to a number of enterprises in management development and environmental matters. Furthermore and also at the enterprise level, the programme has provided flood relief to the salt industry in the Maputo area, a support that led not only to continuation of the production but also to an improvement of productivity and to increased employment. Direct support was provided to pilot enterprises in the agro-food sector to improve product quality and safety. Progress at the enterprise level is due to focused service activities and to the devotion and quality of most of its national and international staff involved.

6.3 Concluding findings

To sum up, the programme has achieved mixed and limited tangible results due to its excessive breath, short duration and managerial and coordination shortcomings. The programme's relevance to the country's and to international developmental priorities is undisputable. Results can be consolidated by focusing and reorienting the programme in substantive and managerial terms under Phase II.

7. RECOMMENDATIONS

7.1 General recommendations

- A Senior UNIDO Representative should be located in Maputo. The human and financial resources of the field office should be appropriate to respond to the demands of the UNIDO programme in the country. Consideration should be given to nominating the UR Team Leader of the IP.

7.2 Recommendations regarding the IP's future orientation

7.2.1 Formulation of Phase II

- The evaluators recommend that the programme be reformulated by a programming mission that should revisit all activities in an in-depth manner and based on a participatory approach with the respective stakeholders.
- The guidelines for the formulation of Integrated Programmes should be applied and particularly the tools for the identification/checking of counterpart institutions should be utilized. In substantive terms, the phase two of the IP should build upon the already formulated project documents.
- The programme should be considerably streamlined and only those outputs having a strong counterpart support and commitment should be retained. Counterparts should be carefully selected so that they can really constitute a motor for growth (avoiding targeting very basic businesses at informal level or larger enterprises that do not require support). Clear cut decisions should be taken on discontinuation of all those outputs where there is no counterpart commitment, duplication, shortcomings and bottlenecks that cannot be solved by UNIDO in a meaningful manner.
- A desk review of all related multilateral programmes should be undertaken prior to the programming mission in order to identify synergies and/or avoid duplication of efforts.
- The programme document for phase two should provide realistic work programmes and implementation time frames, and review sustainability and risk issues. It should include as well, under each output, information on the actual situation (baseline conditions) and on the expected results with quantitative and qualitative indicators (measuring the new or improved capabilities of the counterparts made possible through the support of UNIDO services). The programme document should also include guidelines and procedures based on the Government's requirements for decentralization and transparency and at the same time, being in conformity with UN rules and regulations.

- Finally, but not the least, the document for phase II should include only operational activities. Preparatory activities should not be part of the document.

7.2.2 Co-ordination and management of the programme

UNIDO shortcomings in communication and transparency observed during phase one must be considered seriously and action to revert this situation is required immediately. In addition to regularly distributing all available financial reports on expenditures, the evaluators recommend that the UNIDO financial reporting system is explained to all concerned so as to enable them to properly understand and interpret the financial data. The progress reports prepared by the UNIDO Maputo office on a quarterly basis, which the evaluators consider the best available tool for aggregate reporting, should be complemented with financial information to be provided by UNIDO Headquarters.

The evaluators recommend to UNIDO to consider ways and means for a more decentralised implementation approach. In this connection it is worth noticing that the presence of a UR in Maputo would facilitate decentralisation of decision making, financial administration, selection of experts, decisions on the most suitable implementation modalities etc., based on local knowledge, understanding and networks.

While the use of national experts should be encouraged to the maximum extent possible, the UN rules of neutrality, independence, as well as UN payment modalities must be strictly adhered to.

International experts should be used whenever required by the specific activities, needs and environment of the project. Neutral and independent support is needed in sensitive governance issues, which require distance from any kind of political and economic internal interests and pressures.

A steering and co-ordinating mechanism for the IP should be established, at two distinct but interrelated levels: policy and operational. It should include MIC, DNI, DPIC; other relevant Government counterparts such as MICOA and MIREME; provincial Governments; UNDP; counterpart institutions including those in the provinces; and private sector counterparts.

Operational guidelines for programme implementation, co-ordination and monitoring should be finalised in order to clearly define the respective management, decision-making, procedural and administrative responsibilities of MIC, UNIDO Headquarters, and the UNIDO Field Office, including those of staff in the provinces. National policies and priorities need to be fully taken into account. At the same time, existing UNDP and UNIDO procedures must be fully understood and adhered to.

7.2.3 Funds mobilization

The Government should take ownership of funds mobilization for Phase II of the programme. A common co-coordinated effort should be undertaken in order to obtain

funding as a package which will facilitate implementation, synergies and speed up achievement of results.

7.2.4 Linkage with UNDAF

The programme should be strongly anchored within the UN Development Assistance Framework (UNDAF) along the lines of the policy for the ‘second UNDAF generation’ and keeping into account the need to synchronize and fully integrate country level UN development programmes. In this context, the programme should refer to the following priorities included in the Government’s Action Plan for the Reduction of Absolute Poverty (PARPA), the Country Cooperation Framework (CCF) and UNDAF. The following priorities should constitute programmatic entry points for UNIDO’s programme: decentralization and reduction of regional disparities; reduction of red tape and reinforced mechanisms for transparency; environmental sustainability and support to the private sector for employment generation and poverty reduction.

7.2.5 Substantive reorientation

Based on the evaluation findings and on the proposed programming mission, a reorientation should take place in order to strengthen the regional dimension of the programme.

The recommendations below for each component of the programme should be considered by the programming mission.

Component 1

UNIDO should reconsider the approach followed for the cooperation with CTA and AIMO, also considering that much stronger actors are involved in supporting these institutions. Involvement through a direct advice approach rather than an institution building should be considered. If PODE financing is confirmed not to come forward and other funding sources are not secured, consideration should be given to the deletion of the other outputs.

Component 2

The activities relating to the one- stop- shops and the improvements of the regulatory environment for doing business should continue and be strengthened by linking them, though the provision of experience and data with national legislation and regulation processes. The structure and budget of BUs should be anchored by law since it cannot solely survive on the personal good will of Governors. The statistical data on enterprises built up should be used at the national level.

Regarding the district coverage of BUs a start could be made in selected districts (e.g. Milange) of the Zambeze Province where work has begun and is of geo-strategic importance. This should be based on a Provincial planning of zones with economic potential.

The strengthening of associations and training under BUs should be reconsidered. While the need for such advice is needed, plans of training should be clear cut and of intermediaries and target groups well identified. Advisory services on more advanced issues such as access to SADCC markets and involvement in the Zambeze valley initiative, and support to neighboring foreign investors (considering that often they do not master the Portuguese language) should be considered through associations of entrepreneurs , providing they have the required commitment and sustainability. Productivity, quality, processing and safety of food industries should constitute another major activity for phase II, based on the direct support and analytical groundwork already undertaken. Special care should be taken on implementation of the proposed pilot plant aspects of the FOODPROTEC concept. Experience of UNIDO in the sustainability of such pilot plants is dismal.

Credit is not provided by UNIDO directly but a link with available credit opportunities is meaningful and necessary in order to ensure impact of the SME support activities of the programme. Considering that micro credit is a key issue for the Government and a major hindrance to SME development, the programme should identify micro credit opportunities to be linked with the UNIDO activities.

Components 3 and 4

Discontinuation of activities with INNOQ and CPI should be considered in view of the expressed lack of interest by these institutions. In the former case also due to the lack of operational links with the private sector. Consideration should be given to the amalgamation of NCPC and CADI due to the difficulties in assuring the sustainability of single institutions. An institution providing management and environmental related services to industry would have better chances of survival than two separate institutions. Further Institutional building support is here needed.

Component 5

This is completed but needs follow up in the northern provinces based on the Action Plan prepared under Phase I of the IP. Considering the strong ownership of end users and counterparts of this component as well as the importance of the salt industry, this component should be continued possibly under the SME provincial level activities.

Component 6

The future of this component depends on the quality of the project documents produced and on funding by UNDP. However this should be considered under the possibility mainstreaming of the whole programme under UNDAF.

8. LESSONS LEARNED

This is the first in-depth evaluation of a UNIDO integrated programme of technical co-operation. The evaluators have tried in this section to draw some conclusions, which can be used to refine the concept and operation of Integrated Programmes.

Obviously, as more in-depth evaluations of IPs take place. This refinement can be consolidated and validated by experience.

- In-depth evaluations of IPs should be given a sufficient time frame for its preparation, field mission and report writing. It should be borne in mind that the in-depth evaluation of a single project (usually with a budget over USD 1 million) needs a two-week field mission.
- The evaluation team should be tri-partite: Nominees, not previously associated with the IP, should be indicated by UNIDO and the recipient Government. In view that IPs are usually funded by multiple donors, UNIDO should endeavor that the respective donors agree to indicate a common donor nominee.
- The Guidelines for the report of the evaluation of an IP¹ should be reviewed on the basis of the experience gained in the evaluation of several IPs.
- The document for an IP should distinctly separate preparatory from operational activities. In fact preparatory activities should not be considered as part of the IP.
- The presence of a UR should be a requirement for an country where a sizeable IP is contemplated.
- The headquarters coordinator of an IP should not have specific backstopping responsibilities, to avoid conflict of interest. Specific backstopping should be exercised by the responsible for each component.
- Consideration should be given to have the headquarters coordinator function exercised by a senior staff member of the regional bureau.
- A field steering/co-ordination committee , at two levels- policy and operational- should be a precondition to the implementation of an IP.

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¹ Guidelines for the Evaluation of Projects and Programmes Volume II- Tools, UNIDO, Vienna, August 2002

Annex I Terms of Reference

Terms of Reference

Joint In-depth Evaluation of the Integrated Programme for Industrial Development in Mozambique.

1. Background

In Mozambique, the private sector is now considered to be the main agent for economic transformation. The private sector, more specifically, the indigenous private sector, is relatively small, inexperienced, weak and does not have the capacity to participate fully in the industrialization process. Private sector development, however, depends on the existence of an enabling environment in which policy institutions and policy instruments are conducive to investments and responsive to the problems of and constraints on enterprise development, including, the provision of institutional support services. The existing capacity and capabilities for policy development and implementation, including mechanisms for public-private sector consultations, are inadequate. The main challenge for Mozambique is to take advantage of new trends in industrial policies – an interactive process to develop coherent policies that are realistic, functional, sustainable and which represent the interests of the state, enterprises and the population. In addition, given the implications of a globalized economy in terms of competitiveness, environmental management and information technology, Mozambique will have to take major initiatives to improve technological know-how, quality management, standardization, the efficient use/management of its resources and improving the level of performance of SMEs.

A major development goal of the country is to increase industry's contribution to economic growth and sustainable development with a view to creating employment, generating incomes and alleviating poverty. The industrial policy aims at creating a diversified, competitive and sustainable private-sector-led industrial sector, focussing on agro-industries and SMEs.

The government has initiated some policy changes and introduced measures, albeit inadequate, to improve the enabling environment for private sector development, address regional imbalance, facilitate investment and technology development, promote SME development and improve the capabilities for environmental and quality management. The development of the industrial sector is seriously constrained by a number of factors at the policy, institutional and sectoral levels.

The major problems identified by the UNIDO programming mission and the Government can be summarized as follows:

- (i) Inadequate capacity/capabilities for policy formulation/implementation, including public-private consultative mechanisms, industrial statistics and information technology;

- (ii) Regional deficiencies of capacities/capabilities for private sector development, including, inadequate technologies for the processing of industrial products, lack of entrepreneurship and inadequate business support services for SME development;
- (iii) Inadequate capabilities and enabling mechanisms to attract investors and technology suppliers, including, lack of critical skills for preparation and implementation of viable investment projects, inadequate mechanisms to support technological innovation;
- (iv) Inadequate institutional arrangements and mechanisms to ensure competitiveness and sustainable industrial development, including the awareness of public-private sector enterprises on pollution abatement, continuous improvement and quality management.

The Integrated Industrial Programme to facilitate Private Sector Development in Mozambique is designed to address the needs of the country based on an analysis of the critical problems and in the context of the UNIDO service modules. The level of intervention will be at the policy, institutional and sectoral levels. At the policy level, the main thrust will be on assisting the Government and the private sector in the implementation of the industrial policy, the development of other relevant policies and in achieving the industrial policy objectives. At the institutional level, four categories of institutions will be supported: SME support institutions; investment and technology institutions; environmental institutions, and quality management/standards institutions. At the sectoral level, the emphasis will be on food-processing through the introduction of pilot demonstration plants/common production facilities, with corresponding training and entrepreneurship development programmes.

The integrated programme will establish synergies and coordination arrangements with ongoing UNIDO programmes in Mozambique, Enterprise Mozambique/Africa (UNDP), the World Bank Enterprise Development Project PoDE, and relevant initiatives being funded by the donors on a bilateral basis. The integrated programme has four components that have been mutually agreed upon by the Government of Mozambique and UNIDO, namely:

- (i) Policy development, implementation and monitoring
 Immediate objective: *To strengthen the capacity/capabilities of the public sector (in particular MIC) and the private sector for effective policy development/implementation and to establish strategic alliances between the public and private sector. (Full details: Section C "Programme Structure" of IP Project Document.)*
- (ii) Regional industrial development through support for SMEs
 Immediate objective: *To reduce the regional imbalance of industry through the development of adequate institutional support services for SME in agro-industries. (Full details: Section C "Programme Structure" of IP Project Document.)*
- (iii) Investment and technology for entrepreneurship development

Immediate objective: *To identify business opportunities and promote investment and technology services for SME development. (Full details: Section C "Programme Structure" of IP Project Document.)*

- (iv) Environment and quality management
Immediate objective: *To strengthen the institutional capacities/capabilities for industrial cleaner production, urban waste management, continuous performance improvement and quality management. (Full details: Section C "Programme Structure" of IP Project Document.)*

The IP has a total outlay (current planning figure) of US\$ 9,9 million including support costs and US\$8,8 million excluding such costs. As of end of December 2001, the total allotment made (from UNIDO and various donors) was of the order of US\$ 4,1 million (excluding support costs) of which a sum of US\$ 3.1 million has already been spent. Pledges and indications have been received from various donors to cover the cost of various components of the IP to the extent of nearly US\$ 3,5 million.

The funding of the various components of the IP, as of end October 2001, is indicated in annex 1.

3. Purpose:

- (a) to assess the achievements of the Programme and to facilitate the Government of Mozambique and UNIDO to take decisions on the future orientations of the IP.
- (b) to contribute to the improvement of the performance of the IP by analyzing current areas of activities , constraints, problem areas and proposing practical solutions to address them.
- (c) To make recommendations for the future orientations and focus of the IP having the mind the possible future financing.

4. Method and scope:

The evaluation will start with the analyses of programme documentation at UNIDO HQs, Government offices and main programme locations.

It will interview the necessary and relevant UNIDO, Government and project staff and in particular end users of the IP.

The evaluation will assess the achievements of the IP against the expected objectives and outputs as set out in the Programme document. In this context it will, in particular, assess the effectiveness and impact of the IP outputs. It will identify and assess the factors that have facilitated the achievement of project objectives, as well as those factors that have impeded the fulfillment of those objectives.

The evaluation will in particular address the following issues:

- a) The synergies accrued from the integrated approach.
- b) The relevance of the programme
- c) The programme-wide management, coordination and implementation
- d) The results achieved.

- e) Under each component: design, coordination with other components, relevance, funds mobilization, ownership , results and sustainability.
- f) Validation of the BU concept
- g) Recommendation for Phase II of the Programme

5. Composition of the evaluation team:

The evaluation team will be composed of:

- One expert nominated by the Government of Mozambique
- One evaluation staff member of UNIDO
- One expert nominated by UNIDO

The experts should have advanced qualifications in economics or engineering, proven experience in the design, management and evaluation of technical cooperation projects and fluent knowledge of Portuguese and English languages.

The team members should not have been directly involved in the design, appraisal or implementation of the IP.

The evaluation team is not authorized to make any commitment on behalf of the Government of Mozambique, the donors or UNIDO.

6. Time table, report and budget of the evaluation.

The evaluation should commence activities on 6 September 2002 and be completed by the end October 2002. The evaluation activities are scheduled as follows:

- Briefing of the UNIDO expert at HQs and analysis of IP documentation.
- Briefing of the team in the UNIDO office in Maputo and in the appropriate offices of the Government of Mozambique. Continuation of analysis of IP documentation.
- Visit to Government and private bodies associated with the IP.
- Visits to selected IP project locations and end users in Maputo and in the provinces of Mozambique.
- Drafting of preliminary conclusions and recommendations.
- Debriefing of the mission with the Government of Mozambique.
- Drafting of the final report following the standard UNIDO layout.

Substantive and administrative support will be provided in UNIDO by the IP Team Leader and in the field by the UNIDO Office in Maputo and the Government IP Coordinator.

As the evaluation report is the product of an independent team acting in their personal capacity, it is up to that team to make use of comments made by the parties involved and to reflect them in the report. However, the evaluation team is responsible for reflecting any factual corrections brought to their attention prior to the finalization of the report.

All necessary documentation should be made available to each member of the evaluation team.

The costs of the evaluation should be charged to the Regular budget of UNIDO.

Annex I to TOR

Funding status (by component) as at end October 2001 (in US dollars, excl. support costs):

	Component	Current planning figure	Funded (total allotment)	Percentage funded
1	Policy Development, Implementation and Monitoring	1,650,000	371,703	23%
2	Regional Industrial Development through Support for SME Focusing on Agro-Industries	3,024,500	1,229,350	41%
3	Investment and Technology for Entrepreneurship Development	1,419,000	468,330	33%
4	Environment and Quality Management	2,700,000	1,921,350	71%
	Total	8,793,500	3,990,733	45%

Annex II List of Organizations and Persons Met

Government

Ministry of Industry and Trade	H.E. Carlos Morgado, Minister
Provincial Government of Zambezi	H.E. Lucas Jeremias, Governor
Provincial Government of Sofala	H.E. Felício Pedro Zacarias, Governor
Provincial Government of Tete	H.E. Tomás Mandlate, Governor
Ministry of Industry and Commerce	Alfredo Siteo, National Director of Industry Luis Siteo, former NDI Olga Gomes, IP coordinator Deputy NDI Elsa Carrajola, Specialist statistics, NDI Felicidade Munguambe
Ministry for the Coordination of Environmental Actions	
Provincial Government of Zambezi	Armando Mandinho, Director Nicoalela District Aly Mussa, Acting Chief Inspector Cristen Joaquim Consola, Administrator , District Milange Horácio Luís Figueiredo, District Director for Industry
Provincial Government of Sofala	José Joaquim Gonçalves Ferreira, Director, DPIC Eduardo Chilundo, Director, Directorate of Support and Control Marcos Lemmy, Chief, department of Industry
Provincial Government of Tete	Jaime Nicols, Director, DPIC
National Institute of Standardization and Quality	Gabriella Rebello da Silva, Director
National Institute of Statistics	Antonio Junior, Chief, Department of Statistics for Goods and Environment Odete Tsamba, Chief, Department Licensing and Registration.
Donors	
Austrian Development Cooperation	Christian Zeiniger, Coordinator
Austrian Development Cooperation	Marion Gringinger, Administrator
Embassy of Italy	Fabio Melloni, Director
Embassy of Italy	Stefano Marmorato, Expert
Embassy of Ireland	Kevin Colgan, Attaché
Embassy of Ireland	Miguel Rombe Junior, Adviser
Embassy of Japan	Ichiro Muto, Counselor
Embassy of Japan	Sato Takuo, Third Secretary
Royal Norwegian Embassy	Jan Arne Munkeby, Minister Counsellor

Royal Norwegian Embassy
Royal Norwegian Embassy
Embassy of Portugal
Swedish International Development
Cooperation Agency
Swedish International Development
Cooperation Agency

Lars Ekman, First Secretary
Carlos Mate, Programme officer
Jorge Cabral, Minister Counsellor
Lars Berggren, Senior Adviser

Maria de Lourdes Aguiar, Programme
Coordinator

Institutions, NGOs

ADIPSA, Tete

BU, Quelimane

CADI

CPI

FEMA

National Cleaner Production Centre

Samwellson Essien, Provincial
Coordinator
Sergio Monteiro Rodrigues, Director
Genoveva Dada Varela, Adviser
Elias Come, Director
Rafique Jusob, Director
João Viseu, President
Leonardo Guirruta, Deputy Director

UN Organizations

United Nations Development Programme
Mozambique

United Nations Development Programme
Mozambique

United Nations Industrial Development
Organization Mozambique

Marylène Spezzati, Resident Coordinator

Aeneas Chuma, Deputy Resident
Representative

Steven Dils, Industrial Development
Assistant

Frans Hovens, Programme Officer

Jessica van Bossum, JPO

Rafael Saúte, National Programme
Officer

Stefan Hayashi, BU Expert

Oscar Pino, BU Expert

Jumar Balonkita, BU Expert

Companies and Institutions

IFC

Companies and Associations

Brad Roberts, SME Coordinator

Agroalfa

Agrimo

AIMO

Associete

Jose Alves, Chairman

Luis Pereira, General Director

José Alves, Vice-President

José Voabil, President

Commercial Association of Beira

Gabriel de Oliveira, Vice-President

CETA S.A.R.L. Construção e Servicos
CTA

Embalagens Holdains, Lda.

Grain Milling

Industria Loumar

Fabrticas de Tintas S.A.R.L

A. Romeu Rodrigues Director Geral

Otília Pacule, Economic Advisor

Nuno Momedo Mulá, Gerente

Joaquim Henriques Mendes, Manager

Milton Vellios, Director General

Ernesto Jose Monteiro, Administrator

Fosforeira de Mocambique, Lda.
Manager's Training Programme
MANICA Freight Services

PINTEX
Pintor Publicity
Salinas Fragoso
Satar Bakeries
Sociedade Agro Industrial (Zambezia)
Lda.
Sociedade Moçambicana de Detergentes,
Lda.

Jose Antonio Cabanelas, Administrator
George Lester , Country Manger
Simon Fellingham, General manager-
Central Region
Alberto Monteiro, Manager
José Pintor, Manager
Fernando Leite Fragoso, Administrator
Ibrahim Satar, Manager
Afonso Uageito, Director
Kassim Alimahomed, Socio Gerente

Annex III Programme Funding

IP Mozambique: Status of Funding (in US\$ at 31 July 2002)																	Allotment Holders						
UNIDO Funding (XA & YA) (1998-2002)		Donor Funding	Programmable IDF Donors				Special-purpose IDF Donors				Trust Fund				UNDP								
Project Numbers	Expenditure (XA, YA)	Project Numbers	Denmark		Austria		Austria		Italy		Ireland		Hungary		Austria			Japan	Norway		UNDP		
			PAD	Expend.	PAD	Expend.	PAD	Expend.	PAD	Expend.	PAD	Expend.	PAD	Expend.	PAD	Expend.	PAD	Expend.	PAD	Expend.			
XA/MOZ/99/606	76,137	US/MOZ/00/136	165,000	153,045																	Mr. Eisa (Team Leader)		
YA/MOZ/99/413	20,701	US/MOZ/00/135			60,000	51,161															" " "		
		US/MOZ/98/037							708,000	416,993											" " "		
XA/MOZ/00/602	11,349	US/MOZ/00/150									100,000	99,355									" " "		
YA/MOZ/01/432	25,800	US/MOZ/01/116											26,548	30,371							" " "		
		NC/MOZ/99/002																	101,425	101,424	" " "		
		NC/MOZ/97/021																	106,917	107,739	" " "		
YA/MOZ/99/410	39,205	US/MOZ/00/132			99,000	98,322															Mr. Moongananiyi		
YA/MOZ/01/423																					" " "		
+ XA/01/639	87,463																				" " "		
XA/MOZ/01/629																							
+ XAMOZ02/606	193,775	US/MOZ/00/134			55,000	55,000															Mr. Loesener Diaz		
YA/MOZ/99/411	41,544																				Mr. Calzadilla		
YA/MOZ/01/422	28,174	US/MOZ/00/133	121,000	88,353																	Mr. Hinojosa		
XA/MOZ/01/643	15,000																				" " "		
XA/MOZ/99/604	47,925																				Mr. de Caldas Lima		
		US/MOZ/98/041					444,400	289,842													Ms. Ott		
		US/MOZ/99/088	85,000	75,568																	Mr. Isaksson		
		TF/MOZ/00/001																146,059	140,398		" " "		
YA/MOZ/01/431	59,700																				Mr. Otsuka		
YA/MOZ/01/442	28,940	TF/MOZ/96/002													358,850	322,516					Mr. Hisakawa		
																					Mr. Hisakawa		
		TF/MOZ/98/001																			(TF/MOZ/98/001: Associate Expert, type S)		
		TF/MOZ/00/002													426,100	367,924					" " "		
		TF/MOZ/01/001																	288,843	42,000		" " "	
		NC/MOZ/99/010																		99,100	94,151	Ms. Toure	
TOTAL (PAD):	675,713		371,000	214,000	444,400	708,000	100,000	26,548	303,472	784,950	434,902	307,442	4,370,427									4,395,927	
TOTAL (Expend.):	675,713		316,966	204,483	289,842	416,993	99,355	30,371	268,696	690,440	182,398	303,314	3,175,257										
																							72.7%
In addition, US\$ 25,500 (from XA, YA) is being allocated for in-depth evaluation of IP MOZ in August 2002 - this is not included in the above figures.																							
	701,213		Total of Austria		961,872	763,021																	
total IDDA including Evaluation (AUS07+IDF+TF): PAD Expend.																							

US01116 "C" completed.
 NC99002: completed.
 NC97021: completed.

Total PADs including new PAD for Evaluation in Aug. 02
4,395,927

Annex IV Progress of Outputs

Outputs Planned May 1999

- 1.1 Market/Service Oriented MIC
- 1.2 Public Private Partnership
- 1.3 Upgraded AIMO
- 1.4 Industrial Sector Survey
- 1.5 Industrial HRD Survey Statistics
- 1.6 Industrial Statistics
- 1.7 Governance Support Info Network
- 2.1 Production/Service Facility Cashew
- 2.2 Pilot Plants Food Processing
- 2.3 Production Service Facility Pineapple
- 2.4 Business Support Info Network SME
- 2.5 Assessment Regional Development
- 2.6 Entrepreneurship Development in Selected Provinces
- 2.7 Improve Effective Governance Concerning SME Development
- 3.1 Investment/Technology Promotion (general)
- 3.2 Investment/Technology Promotion (CPI)
- 3.3 Upgrade UEM-capacity to offer ITP Services
- 3.4 Technology Development Centre
- 4.1 National Cleaner Production Centre
- 4.2 Solid Waste Pilot System
- 4.3 Pollution Abatement Gold Mining
- 4.4 Quality Improvement Enterprises
- 4.5 Restructure/Modernize Post-privatized Enterprises
- 4.6 Strengthening INNOQ
- 4.7 Metrology Lab INNOQ

Implemented Fully:

Project 1, 2, 3

- 1.6 Industrial Statistics
- 3.3 Business Advisory Centre
- 4.4/4.5 Enterprise Upgrading

Implemented Partially

- 2.1/2.2 SME Support in Zambia/Tete
- 2.3 SME Support Sofala
- 2.4 SME Support Cabo/Delgado
(N.B. Originally 2.4, 2.5, 2.6)
- 4.1 National Cleaner Production Centre
- 4.2 Solid Waste Pilot System
- 4.7 Metrology Lab INNOQ

Preparatory Phase Concluded - Good Funding Potential

- 1.2 Public Private Partnership (pending Italy funding)
- 1.3 Upgraded AIMO (pending Italy funding)
- 1.7 Governance Support Info Network (pending MIC)
- 2.5 SME Support Niassa (pending Ireland funding)
- 2.6 SME Support Manica (pending Italy funding)
- 2.7 } Food Safety in Food Processing Industry (includes 2.1 Production/Service Facility Cashew
2.2 Pilot Plant Food Processing; 2.4 Production/Service Facility Pineapple) (submitted to Italy)
- 3.1 } Investment and Technology
- 3.2 Promotion (pending Italy funding)
- 4.6 Strengthening INNOQ (pending ASDI for funding)

Preparatory Phase Concluded - Limited Funding Potential

- 1.1 Market/Service Oriented MIC (no funding)
- 1.4 Industrial Sector Survey (no funding)
- 3.4 Development of a Technology Centre (pending DNI)
- 4.3 Pollution Abatement Gold Mining (submitted to USAID, Portugal, Finland)

Not Implemented

- 1.5 Industrial HRD Survey (Strategy)

Implemented / Under Implementation

- 2.0 Assessment Administrative Barriers
- 5.1 Support Salt Producers' Association
- 6.0 HIV/AIDS

Formulated But Not Implemented

- 1.0 Training Provincial MIC-Staff Involved in IP
- 6.1 Social Component IP (UNDAF)

Note that the Outputs 1.0, 2.0, 5.1, 6.0 and 6.1 were added during the implementation of the IP and have no pendants in the original IP project document and were added on the official request from MIC. The change regarding Output 3.3 is a relatively minor one, it does not concern the project as such but merely the counter part: a newly established CADI within AIMO instead of UEM. The major changes in the IP concern the Outputs of Component 2. However, it must be noted that the deviation from the original project document is less dramatic than it seems at first sight. Many of the activities that were envisaged by Outputs 2.4 2.7 from the original IP document - which include the establishment of One Stop Shops, the strengthening of the capacity of provincial administrative bodies to facilitate private sector development,

the training of provincial staff to provide value added services and the like - are covered by Outputs 2.1/2.2 - 2.6 . This was done by the UNIDO office in Maputo to facilitate the reporting by province to the respective donors. The remaining Outputs that were originally planned - i.e. 2.1 - 2.3 - will at least partly be covered by Output 2.7 once funding of this project is secured. In addition to this, it should be noted that Output 6.1 which is under formulation in the context of UN DAF may include a cashew processing project to be set up Nampula province, which would be linked with the Food Processing Training Centre (FOODPROTFC) that will be part of Output 2.7.

Annex V Budget

Programme Relation to Service Modules							
Module Name	Approved Amount	Total Allotment (PAD)	Open for Funding	Funding Prospects			Remarks
				Next 6 month	6- 12 month	After 12 month	
AGRO-INDUSTRIES	154,000	171,000	-17,000				
ENVIRONMENT MANAGEMENT	1,700,000	1,419,728	280,272				
INDUSTRIAL GOVERNANCE AND STATISTICS	1,650,000	371,703	1,278,297				
INVESTMENT AND TECHNOLOGY PROMOTION	1,265,000	335,330	929,670				
QUALITY AND PRODUCTIVITY	1,000,000	253,800	746,200				
SMALL BUSINESS DEVELOPMENT	3,024,500	1,257,350	1,767,150				
UNDEFINED		303,472	-303,472				
TOTAL	8,793,500	4,112,383	4,681,117				

Service module list last updated: 2002-04-26 09:34:20

Programme Projects						
Project	Allotment Holder	Total Allotment	Prev. Years Disbursement	Curr. Year Expenditure	Balance	Remarks
NC/MOZ/97/021	EISA, MOHAMED NAGEEB ABDA	106,917	107,739		-822	
NC/MOZ/99/002	EISA, MOHAMED NAGEEB ABDA	101,425	101,424		1	
NC/MOZ/99/010	TOURE, REMIE	99,100	94,151		4,949	
TF/MOZ/00/001	ISAKSSON, ANDERS GORAN MI	146,059	106,892		39,167	
TF/MOZ/00/002	HISAKAWA, SEIICHIRO	426,100	273,675	118,102	34,323	
TF/MOZ/96/002	HISAKAWA, SEIICHIRO	358,850	319,536	2,980	36,334	
TF/MOZ/98/001	HISAKAWA, SEIICHIRO	303,472	225,594	48,670	29,208	
US/MOZ/00/132	MOONGANANIYIL, V. JOSEPH	99,000	91,477	6,750	773	
US/MOZ/00/133	HINOJOSA, BARRAGAN VICTO	121,000	84,425		36,575	
US/MOZ/00/134	LOESENER, DIAZ OTTO ROBE	55,000	55,000		1	
US/MOZ/00/135	EISA, MOHAMED NAGEEB ABDA	60,000	51,161		8,839	
US/MOZ/00/136	EISA, MOHAMED NAGEEB ABDA	165,000	127,906	18,837	18,257	
US/MOZ/00/150	EISA, MOHAMED NAGEEB ABDA	100,000	56,314		43,686	
US/MOZ/01/116	EISA, MOHAMED NAGEEB ABDA	26,548	30,371		-3,823	

US/MOZ/98/037	EISA, MOHAMED NAGEEB ABDA	708,000	341,267	19,567	347,166
US/MOZ/98/041	HISAKAWA, SEIICHIRO	444,400	289,989	-147	154,558
US/MOZ/99/088	ISAKSSON, ANDERS GORAN MI	85,000	75,568		9,432
XA/MOZ/00/602	EISA, MOHAMED NAGEEB ABDA	15,000	11,349		3,651
XA/MOZ/01/629	LOESENER, DIAZ OTTO ROBE	198,800	43,775		155,025
XA/MOZ/01/639	MOONGANANIYIL, V. JOSEPH	21,000	20,873		127
XA/MOZ/01/643	HINOJOSA, BARRAGAN VICTO	15,000	15,000		
XA/MOZ/99/604	MR. DE CALDAS LIMA	47,925	47,925		
XA/MOZ/99/606	MR. EISA	76,137	76,137		
YA/MOZ/01/422	HINOJOSA, BARRAGAN VICTO	35,000	28,176	-2	6,826
YA/MOZ/01/423	MOONGANANIYIL, V. JOSEPH	68,200	66,590		1,610
YA/MOZ/01/431	OTSUKA, TAKAO	60,000	59,700		300
YA/MOZ/01/432	EISA, MOHAMED NAGEEB ABDA	40,000	25,800		14,200
YA/MOZ/01/442	HISAKAWA, SEIICHIRO	28,000	28,940		-940
YA/MOZ/99/410	MR. MOONGANANIYIL	39,205	39,205		
YA/MOZ/99/411	MR. CALZADILLA-SARMIENTO	41,544	41,544		
YA/MOZ/99/413	MR. EISA	20,701	20,701		
TOTAL		4,112,383	2,958,202	214,757	939,424

Data according to the mainframe UMA report as of end 2002/03