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IN-DEPTH EVALUATION OF UNIDO'S INDUSTRIAL
HUMAN RESOURCE DEVELOPMENT ACTIVITIES

US/GLO/91/159

Country Case Study: MOZAMBIQUE*

Prepared by the
Evaluation Staff
Office of the Director-General

* This document has not been edited.

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ABBREVIATIONS

ACTIVA	Association of Women Entrepreneurs of Mozambique
AEPRIMO	Mozambican Private Enterprises Association
AIMO	Association of Mozambican Industries
AJEM	Association of Young Mozambican Entrepreneurs
BM	Bank of Mozambique
BPD	People's Development Bank
BSTM	Banco Standard Totta of Mozambique
CFI	Industrial Training Center
CNP	National Planning Commission
CTA	Chief Technical Advisor
CV	Curriculum Vitae
DANIDA	Denmark International Development Agency
DHR	Directorate for Human Resources
EMU	Eduardo Mondlane University
ERP	Economic Rehabilitation Program
FFPI	Small Enterprises Promotion Fund
GDP	Gross Domestic Product
GREI	Industrial Enterprise Restructuring Unit
GTZ	Gesellschaft für Technische Zusammenarbeit
HRD	Human Resource Development
INDER	Rural Development Institute
IDIL	Local Industry Development Institute
ILO	International Labour Organisation
MINED	Ministry of Education
MIE	Ministry of Industry and Energy
MINCOOP	Ministry of Cooperation
MINPLAN	Ministry of Planning
MINTRAB	Ministry of Labor
NatCAP	National Technical Cooperation Assessment and Programme
NDRIE	National Directorate of Industry and Energy
ODA	Overseas Development Administration
OMM	Mozambican Women Organization
OTM	Mozambican Labor Organization
SADCC	Southern African Development Coordination Conference
SETEP	Technical and Vocational Training State Secretariat
SIDA	Sweden International Development Agency
SNAAD	Non-Administrative Foreign Exchange Allocation System
SSE	Small-scale enterprises
TA	Technical Assistance
UNDP	United Nations Development Programme
USAID	US Agency for International Development
WB	World Bank

1. SOCIAL, ECONOMIC AND INDUSTRIAL CONTEXT

General

1. The passage of Mozambique from the status of a Portuguese colony in 1975 to independent nation has not led to a long period of peace. Shortly after independence, a rebellion against the single party power structure in Maputo emerged and intensified steadily over the years. Although at the time of this report, intense negotiations are going on in Rome to find a negotiated solution to the conflict and hopes for a rapid end to hostilities are growing, the circumstances of the country are very much determined by the impact of the violence.
2. Under the conditions of insecurity in most of the country, it is understandable that much information is not available and what exists is only based on estimates which are more or less reliable particularly with regards to the demographic situation. In 1989, the total resident population of Mozambique was estimated at 15.3 million. The current estimated annual rate of demographic growth is 2.7%, a sharp increase over the equivalent rate for the period 1955-60 when it was 1.8%. The population is diversified with about 15 indigenous ethnic groups and a significant number of people from Portuguese, Arab and Indian descent. Portuguese is widely spoken in urban centers but according to a recent household survey^{1/} it is not the first language of the majority of the population, even in Maputo: almost three times as many people speak Changane and Ronga than Portuguese while Chope, Tswa, Bitonga and others languages have a lower representation in the city.
3. It is estimated that at least 1 million Mozambican nationals (or about 6.5% of the resident population) are refugees in Zimbabwe, Malawi and Zambia. In addition, a significant part of the male population is hired for 2 year contracts to work in the mines of South Africa.
4. Although population is largely concentrated in rural areas (about 73% in 1990 according to the UNDP Human Development Report 1992), urbanization is increasing at a high rate. It is estimated that the annual rate of urban population growth over the last few years was 5.4%, or twice as high as national population growth, a common phenomenon in developing countries intensified here by the conditions of insecurity in rural areas. The province of Maputo (including the city of Maputo) has 10% of the population. Sharp differences in population density exist within the country provinces: Nampula and Zambesia with only 23% of the land area represent 42% of the total population.
5. According to UNDP Human Development Report 1992, the overall 1990 adult literacy rate was 33% up from 22% in 1970. However, while 45% of males over the age of 15 were considered able to read and write, only 21% of females in the same age group met the criteria, a gap also reflected in the mean years of schooling: 2.1 for males and 1.2 for females.

Economic Structure and Industry

6. The geography of Mozambique plays an important role in determining its economy and its potential. By and large, the country can be considered a territory which has hardly been exploited from an economic point of view although it benefits from a wide range of distinct climatic zones through its location across both an inter-tropical and a sub-tropical zone and three different geographical areas (coastal belt, plateau and highlands). This diversity suggests a great agricultural potential.
7. In fact, the economy of Mozambique is heavily dependent on agriculture. According to the National Planning Commission (CNP) data, agricultural activities accounted for 56.6% of GDP in 1989, up from 55.4% in 1980. Industry (and Fishing) which represented 23.5% of GDP in 1980 dropped to 13.3% by 1989, a result in large part of the lack of raw materials (imported

^{1/} "Household Survey: First Module, Maputo City, September 90", published December 1991 by the Directorate of National Statistics of the National Planning Commission.

and local) occasioned by foreign exchange restrictions and transport problems related to the civil war - the transport and communications sector fell from 6.9% to 4.4% of GDP - and power cuts.^{2/} In 1992, the foreign exchange constraints seem to have been somewhat alleviated but transports and electrical distribution problems still plague most of the country. In addition, the liberalization of imports has introduced a stiff competition to many local industrial enterprises. In contrast to industry the commerce and services sector, almost doubled its share of GDP to 17.8%.

8. However, these figures are far from reliable. On the basis of data published in the same report by the CNP, the mission undertook an independent recomputation which shows serious inconsistencies between sectoral growth rates, GDP growth and the evolution of the sectoral contribution to GDP. If the sectoral growth rates for 1981 and 1989 are assumed correct, on the basis of the sectoral breakdown for these period, GDP growth for these years is overestimated. In addition, on the basis of the sectoral breakdown provided for 1980, the evolution of the sectoral shares indicates a contribution to GDP in 1989 significantly different from the one published by the CNP.^{3/}

9. Notwithstanding these data discrepancies which can raise doubts as to the magnitude of the economic loss of the last decade, it is clear that all sectors of the Mozambican economy have experienced serious drops in output between 1980 and 1989. On the basis of the very unreliable data published by the CNP, GDP fell 24.1% between 1980 and 1989. The sectors which have been the most affected over the period are industries and fisheries (-46.2%) -- which after a period of recuperation at the end of the eighties resumed its decline in the early nineties-- and transport and communications (-46.1%). In 1989, according to the same source, construction and transport and communications have recuperated previous losses and stand at about the same level as in 1980. Agriculture was also affected with a loss of 6.6% which is being intensified by the current drought.

10. According to the CNP figures, the share of agriculture in GDP grew over the period from 55.4% to 56.6%, an increase which seems too low and not consistent with the differences in cumulative growth rate for the sector and for GDP (+17.5% for agriculture). For industry (down to 13.3% from 23.4%) and transport and communications (down to 4.4% from 6.9%), the drop appear exaggerated compared to the lag of their growth compared to GDP (around -22%). If one was to trust the published growth rates, the share of agriculture would be around 65% while the respective shares of industry and transport and communications would be around 18% and 5.4%. However, because of inconsistencies mentioned above, there is no possible way to make the sum of shares equal to unity thereby making these estimates also dubious.

11. The above mentioned economic data problems make it highly uncertain that sectoral data would be more reliable and all data should be only taken as indicative of an order of magnitude. According to a World Bank mission estimate, in 1989, textiles contributed 23% of manufacturing value added in the country followed closely by beverages and tobacco (20.8%) and food products (20.7%). In the range of 10% of manufacturing value added were metal products and equipment (10.8%), the sub-sector of petroleum, chemicals, rubber and plastics (10.7%) and wood, paper and printing (8.2%).

12. Industrial activity is largely concentrated around Maputo City and to a lesser extent around Beira. According to a survey conducted at the end of the 1980s^{4/} more than 56% of

^{2/} see "Industrial Situation in Mozambique: 1987", UNIDO

^{3/} However, the consistency problem remains since it is impossible to have the share of GDP add up to 100, a consequence of the already mentioned problem of inconsistency between sectoral growth rates and GDP growth.

^{4/} From the summary document which was available, it is unclear whether this was a national survey or a census of industrial enterprises. If it is in fact a census, the total number of enterprises (1211) seems low considering that firms with between 0 and 9 employees were included. If it is a survey, it is unclear how the sample was designed and therefore how representative of the whole universe of industrial enterprises the resulting data are.

manufacturing enterprises employed between 0 and 9 employees. The contribution of these enterprises to overall manufacturing employment is unknown. Private enterprises represented 84% of total manufacturing firms while firms under some form of government control represented slightly over 12%, almost evenly split between state-owned and intervened companies.

Economic Policy

13. Following independence in 1975, the large scale exodus of Portuguese settlers caused a serious disruption in production. This situation led the Government of Mozambique to "intervene" in numerous enterprises, many of which had been left in a state of serious neglect by lack of investment in the turbulent years prior to independence and in some cases with heavy debt arrears. Formal nationalizations, however, occurred only in petroleum refining and in a shipping company. Banks (with the exception of Bank Totta) were either merged under state control or closed. The state also set up an network of overseas and domestic trading companies to replace commercial operations necessitated by the closure of Portuguese firms. A total of 300 enterprises were intervened including many small distribution outlets which after 1980 were returned to the private sector.

14. The rapid decline in output after independence had been partially reversed by 1980. In 1981, however, the sabotage of infrastructure (electric power distribution, transport) by armed bands began and combined with external economic difficulties associated with the world recession. The lack of skills and management capabilities as well as the centralized control of production, distribution and pricing prevented an adaptation of enterprises to adverse conditions. A severe reduction in output resulted.

15. In 1980, the Government of Mozambique launched an ambitious 10 year development plan with the aim of eradicating underdevelopment within a decade. The plan called for investment in large scale projects in state farms and heavy industry as well as an expansion of the consumer goods industry. The financing and implementation demand of the plan in front of growing economic difficulties forced its replacement by a more modest three-year plan for 1982-85. In 1983, a new policy was adopted which substituted the emphasis on large scale projects by support to small scale industry and the increase in existing capacity utilization. By 1983, it was accepted by the Government that a greater flexibility had to be introduced in the system.

16. In January of 1987, the Government implemented the Economic Rehabilitation Program (ERP) with the support of the World Bank and other international agencies. Specifically, the ERP aims at:

- a. Increasing agricultural production both to drive up the levels of agricultural marketed surpluses (and increase rural incomes) and improve the levels of auto-consumption. The chief strategy is to augment the supply of industrial goods in rural areas to increase the domestic market for these goods and improve agricultural productivity;
- b. Promoting industrial production, in particular for commodities in the agro-industrial sub-sector and for consumer goods;
- c. Rehabilitating physical infrastructure, in particular as a support for productive activities;
- d. Restoring the financial relationships with international creditors.

Because of the limited domestic market and the foreseeable continuation of the limited internal demand in the medium term, for large scale enterprises priority is given to those in sectors with high export potential.

17. In pursuit of these objectives, the Government progressively reduced administrative control mechanisms and market instruments started to play a more important role in resources allocation and in economic decision making. However, the adjustment toward a decentralized self-regulated economy is a long process subject to substantial political pressures. For example the centralized system of matching university graduates with job openings is only recently becoming obsolete through the lack of participation of public agencies and private companies.

18. Despite the apparent slow progress, significant steps have been taken. It appears that the Government has returned numerous enterprises to private ownership, mainly in the small scale distribution sector but also in manufacturing^{5/}. But the process of privatization is hindered by the lack of formal legal status of the "intervened" enterprises: never having become a property of the state, they cannot be disposed of unless their formal owners, if and when they can be found, approve of the sale.

19. After a certain amount of investment immediately after 1987, investment is estimated to have stagnated since 1990. The uncertainty of the political situation after the constitution of 1990 and the continuation of the conflict have resulted in an attitude of wait-and-see for many investors. In addition, the change in policy toward a market economy has not yet fully been integrated in the bureaucracy and numerous delays and hassles result, a further deterrent to investment.

The Labor Force

20. In 1989, the potentially active population (defined as between the ages of 15 to 59) was estimated at 6.1 million persons. A household survey carried out in Maputo City in September October 1988 indicated that 52% of that age group was actually active in the labour force. The difference between urban and rural activity rates make a generalization of this information to the national level extremely problematic. However, if it is assumed that this rate in urban area constitute a minimum for the country (since the fewer years of schooling in rural areas suggest a higher participation rate), the nationwide active population is at least 3.2 million.

21. For 1989, it was estimated that the modern (formal) sector employed 204,500 wage earners and the public administration 105,000 for a total of 309,500 or less than 10% of the economically active population. The remainder are occupied in agriculture, in the urban informal sector or unemployed. The unemployment rate, an important and statistical measure in a developing country, is unknown. However, for 1988, in the city of Maputo, it was estimated at 11%. The current economic recession and the influx of new rural-urban migrants have probably contributed to an increase of this rate over the last two years. The foreseen demobilization of about 50,000 persons from the armed forces is going to accentuate the unemployment problem.

22. According to the same survey, there was hardly any unemployed persons with a 9th grade or higher education level. This finding contradicts the data on registered job seekers and vacancies by MINTRAB. The collection of this MINTRAB data although valuable per se if done on a proper basis may be the remnant of the information system for the centralized job allocation system under the old system which is losing its relevance and therefore the information base may be yielding biased data.

23. An interesting finding of the survey was that 32% of middle level managers were in the 40-59 age group and most of them had at most 6 years of education. This finding associated with the low unemployment level of persons with at least a 9th grade education may indicate an incipient generational change within this category of employment. However, discussions with industrialists suggest a desire to hire more educated and qualified personnel which is being hampered by the difficulties in getting rid of unqualified workers. The generational change may be then only latent.

^{5/} A notable example is Mabor Tyres where the Government renegotiated with General Tyre.

24. The employment question is one of the most critical challenges which the country faces. With a steady estimated annual demographic growth rate of 2.7% in the last decade, the consequent broadening of the age pyramid in the lower age groups implies a much faster growth rate of new entrants in the labor market - probably in the range of 4 to 5% - in the years to come. The eventual return of refugees from neighboring states will further intensify the crisis of the labor market as will the demobilization of a part of the armed forces. In addition, numerous fellowship students in ex-Eastern-block countries and Cuba are finishing their studies and returning to Mozambique with high job expectations.

2. THE WORKING ENVIRONMENT OF INDUSTRIAL ENTERPRISES

Policy Environment

25. The organization of the industrial sector in Mozambique reflects the vestiges of a centrally planned economy. Enterprises deemed to be of national importance -- whether state owned, "intervened", or private -- come under the administrative "tutelage" of central ministries. Local enterprises are under the tutelage of the provincial directorates of the MIE. Coordination units for each sub-sector assume the supervision of these enterprises. Until 1988, these units linked the enterprises to the centralized planning process. Their functions were supposed to include the compiling of data for planners based on mandatory company reporting, price authorizations, foreign exchange allocation, technical assistance, training coordination and industrial studies. In practice, however, their functions and the level of autonomy permitted to individual enterprises varied greatly: while in some units enterprises were allowed to procure foreign exchange and import directly in others all such activity was carried out by the unit for a service fee. Consistent with the changing environment, the role of these units is in a state of flux and becoming obsolete. Their control of private enterprises is rapidly waning and the remaining functions of the units are mostly focused on state and "intervened" enterprises.

26. All industrial products (except sugar) are now free from trading through state trading corporations which are expected to compete with the private sector. Only flour and a few essential industrial goods are still subjected to some measure of administrative control to guarantee supply in some areas. Control over imports is still being exercised through import licensing and the foreign exchange allocation system (although SNAAD)

27. The improvement in the operating improvement of the industrial sector is notable in the reduction of the incidence of fixed pricing now limited to a small number of "basic goods" (cigarettes, beer, soap, flour, sugar and cooking oil). In addition, *ex ante* authorizations for price changes have been replaced by *ex post* reviews, thus eliminating losses from administrative delays in granting authorizations. While the system of price controls is still in place, its relevance is being undermined by a growing independent market, notably for smuggled imported goods, which seems to be tolerated. The intention of the Government is to introduce greater flexibility in pricing as supply conditions and competition improves.

Finances

28. The present financial system is largely a result of the reorganization of the banking system of 1978. The Bank of Mozambique (BM) fulfills the dual functions of a central bank and of a commercial bank and is 100% state-owned. Another bank, People's Development Bank (BPD), is also 100% owned. The third large bank, Banco Standard Totta (BSTM), has remained over the period a private (largely foreign-owned) bank. The Banco de Fomento Exterior of Portugal is opening an office in Maputo in the next few months and one other bank is also thought to be preparing the beginning of operations in Mozambique. Until 1987, the role of the banking system was limited to the passive financing of production plans for the various sectors of the economy. Under the ERP, changes have been introduced in this system notably for foreign exchange operations where the BM has conceded an operating license to the BSTM.

29. The reforms in the financial sector started under the ERP are nowhere more evident than in foreign exchange management. The exchange rate of the metical was submitted to a process of sliding devaluations aiming at aligning it on market-determined rates. The devaluations corrected the gross overvaluation of the metical and thereby reduced the level of excess demand for foreign currency. At the present time the differences between the official rate, the parallel rate and the black market rate are small. The heavy reliance on external assistance with a significant share provided on a tied basis still requires the continued use of some form of centrally administered allocation of foreign exchange. However, since 1989, a non-administrative foreign currency allocation system (SNAAD) has been implemented

gradually and aims at further simplification in the context of a unification of the exchange and trade systems. At this time, foreign currency purchases from the banks are still submitted to some restrictions such as proof of residence. Exporting companies are allowed to retain a proportion of their sales in convertible accounts.

30. The structure of interest rates has also been the object of substantial reforms. Effective January 1989, the number of lending rates was reduced to 16 and the number of rates for over-one-year loans set at 7 (from 27). A process of adjustment of these rates which were sharply negative in real terms has been on-going and the levels are generally thought to be positive in real terms. However, the shift of negative to positive real lending rates (estimated at around 9 to 11%) has been a severe shock to industrial entrepreneurs who complain bitterly about the cost of credit. In addition, available credit is thought to be scarce except for short term commercial operations.

Government

31. As in any country with acute financial difficulties, the power of the Ministry of Economy and Finances (MEF) in Mozambique is a determining factor in the conduct of economic policy. Decisions are taken on the basis of macroeconomic needs, to address fiscal imbalances and foreign exchange constraints, without consultation with sectoral ministries. The macroeconomic imperative dominates sectoral consideration with little regard for sectoral considerations, whether included in a national strategic plan or not. In Mozambique, this general pattern seems to apply.

32. The Ministry of Planning (MINPLAN) and the National Planning Council (CNP) theoretically have the responsibility for the design and the monitoring of the implementation of the medium and long term policy framework. In the tight financial situation in Mozambique at this time, the performance of its duties runs the risk of being more formal than effective. However, the Prime Minister has assumed the additional responsibility of Minister of Planning which may add some political power to MINPLAN within the administration. The functions of the CNP are in a state of flux as its responsibilities are shifting from the centrally administered allocation of output and education system graduates to a lighter function of monitoring.

33. The lead ministry in matters concerning industry is the Ministry of Industry and Energy (MIE). The power of this ministry is de facto curtailed by the growing influence of the MEF. In addition, the definition of its functions in an economy in a process of liberalization is increasingly vague. Under the previous system, one of its main functions was the management of "intervened" enterprises through its sub-sectoral management units. As noted earlier, this function is on the way to become obsolete. In the same way, increasingly its control over prices is becoming irrelevant and may lose its legal status. The substantially different economic management requirements of the new policies are yet to be fully integrated within the staff. The lack of a strategic vision on the industrial sector does not help define the qualifications needed by the staff outside of broad general guidelines and at the same time the human resources deficiencies of the staff hinder the definition of a strategy. In short, despite a committed staff, the situation appears somewhat at a standstill.

34. The MIE has two different technical departments:

- a. The National Directorate of Industry and Energy (NDRIE) which has for responsibility the policy design, implementation and monitoring of the sector and its sub-sectors. It is to be noted as somewhat odd that two sectors as different as energy and industry would be included within the responsibilities of a single directorate within the ministry. This administrative structure may be the remnant of the period when the basic function was the command management of the "intervened" and state-owned enterprises. A proposed reorganization of the ministry may create specific directorates for the two sectors.

- b. The Directorate for Human Resources (DRH), at this time, seems to be mostly a center for information on human resources in industry. The quality of this service could not be assessed but the DRH does not appear to be a highly regarded source of data. Again, its main function in the previous system may have been to provide data to the CNP for the allocation of graduates from the different state schools.

35. Within MIE, two training centers have been created over the last 5 years with the support of various international agencies (UNIDO included):

- a. The Local Industry Development Institute (IDIL created in 1989) which has for purpose to promote the development of small scale industry through management training and the provision of some support services such as elaboration of feasibility studies. In recent years, IDIL has increasingly stressed the development of a consulting capability to generate the funds necessary to its survival.
- b. The Industrial Training Center (CFI created in 1987) to train industrial employees in basic skills for management such as accounting. Over the years as a response to the lack of financial support from the MIE, CFI has started to provide for a fee courses in a broader range of areas such as typing, language training which while not industrial skills strictly speaking are complementary to industry- specific needs. The demand-driven management of CFI has to be noted as exceptional on the part of a public agency.

While the lack of financial support from the MIE and the commercial character of some of their activities has given these institutions a quasi-autonomy, their legal status is extremely vague: de jure, they are no different than the directorates of the MIE, a situation which probably hinders the continued development of their activities.

36. Not all industrial activities fall under the aegis of MIE. The Ministry of Agriculture, for example, oversees some agro-industrial activities, notably the sugar industry. In the same way, the pharmaceutical industry is under the responsibility of the Ministry of Health.

37. The Ministry of Education (MINED) was until recently in charge of technical and vocational training through the Technical and Vocational Training State Secretariat (SETEP). A recent reorganization of the system for technical and professional training has resulted in the elimination of SETEP and the shifting of vocational training activities to the Ministry of Labor (MINTRAB) while the responsibility of technical education remains in the MINED with its network of industrial and commercial training schools in each province. At the time of this report, the reorganization was so recent that the physical transfer of the relevant bureaus had not taken place and it would have been impossible to determine the impact of this reform.

38. There is a broad agreement that the level of education and training received in the industrial and commercial training schools is generally appallingly low. Many of the instructors have received only a minimal amount of training in the years after independence and have no practical experience in industry. The lack of equipment hinders practical training and stresses learning by rote. The living conditions of the students also contribute to a low level of efficiency of the education received: many students coming from outlying areas are boarders in grossly overcrowded dormitories, with no light and sometimes no food and deficient sanitary conditions. Several international agencies have undertaken investment and staff training projects in some schools to begin to address the problem.

39. Discussion with staff at the MINED revealed that discussions with a group of donors led by SIDA are beginning to design an integrated program to address the problems of the technical education system.

Private Sector Associations

40. As is to be expected under the changing conditions of Mozambique, private industrial organization are still a relatively new phenomenon. The dean of these organizations is AEPRIMO which celebrated its fifth anniversary at the end of July 1992^{6/}. It was created with some assistance from international agencies and is supposed to represent the interest of the purely national entrepreneurs as opposed to others who may have established international connections.

41. AIMO is the only private sector organization which aims at representing specifically the interests of the industrial sector. About two years old and with 140 members, it seems to have yet to find its voice and to define its activities. It is receiving some technical assistance funded by an international agency to design its structure and its strategy.

42. AJEM is an even more recent organization. Created in 1991 and with currently 52 members younger than 45, it aims at encouraging mutual assistance between young entrepreneurs in all sectors. It also has benefitted from some financial assistance from international agencies and is actively seeking more for its training seminars directed towards its members.

43. ACTIVA - which is not an acronym - is an organization of women entrepreneurs which has been created in the last few years. It regroups a broad spectrum of activities and sizes - from hairdressing salons and nightclubs to the largest dynamite factory - but the majority of the members are small businesses. It aims to provide specific services for the members such as legal and financial advice. ACTIVA has also run some seminars to identify training needs and determined that management is the weakest area not so much in standard procedures such as general accounting but in locally specific topics such as taxes.

44. Two other organizations are working on women's issues. The Mozambican Women Organization (OMM) which was created at least a decade ago provides some training to women. The First Lady Cabinet also intends to assist small women entrepreneurs. Both of these organizations are considered to be of a political nature.

45. A disturbing impression one gets from some of these organizations is that there are not truly the autonomous manifestation of a felt need of an alliance to better represent the interests of members but rather the consequence of the willingness of international agencies to provide some funds to support this type of activity. To what extent their continued existence and the level and nature of their activities is determined by external funding remains to be seen.

46. Most of these organizations run some training courses from time to time but the schedule of these courses seems influenced by the availability of funding from external sources. Although HRD seems to be recognized by private business as a necessary element in setting the basis for a future development of industry, the attitude of business at this time is somewhat mixed and vague toward this issue. With regards to management skills for industry, it is generally stated that more and better managers are needed without any more specificity as to the areas where the needs are more pressing. Indications exist that in recent months many companies have cut down on their expenditures for basic and medium level management training for their employees. This development should not be interpreted as an indication that needs are gradually being met but rather as the consequence of a extremely cautious attitude toward investment, whether physical or human at a time of great economic and political uncertainty when the expectations of rapid changes of a few years ago have not been met. In addition, it is likely that the investment in HRD over the last few years by firms did not result

^{6/} According to some informants in Maputo, AEPRIMO has yet to have its status as a private organization formally recognized by the state, a situation which did not prevent the President of the Republic, Mr. Chissano, to be the keynote speaker at the fifth anniversary celebration. The cause of the delay apparently lies in a complex of personal and political discrepancies between the leadership of AEPRIMO and some government officials and is not considered to reflect an anti-private sector bias.

in the expected improvement in operations and in the bottom line. The current softening of the demand for training by firms may then also reflect a narrow and short-sighted perspective on HRD on the part of the private sector. While many companies have technical in-company training programs, the skills taught in these programs seem to be extremely firm-specific with little possibility of transfer of grades, or even skills, between companies, a probable way to keep this investment in human resources within the firm.

Unions

47. There is one union, the Mozambican Labor Organization (OTM), which is a confederation of sectoral and sub-sectoral workers associations. The OTM and its affiliate organizations have been pressing for a legal codification of in-company training by firms and are reported as making training a significant element in negotiations with employers.

Advisory Services

48. Practically non-existent a few years ago, advisory services seem to be a growing activity in Maputo. Besides IDIL and CFI which are building a practice on small scale industry, new consulting bureaus have been created in recent years to address a larger range of issues. AUSTRAL, for example, has provided services to the Industrial Policy project of UNIDO. Many of the principals in these small firms are ex-government officials who used to lead management units in different ministries and are taking advantage of the new opportunities to change careers. In addition there are also engineering advisory companies and new external firms which are setting up offices.

49. The Engineering department of the University E. Mondlane is reported having set up a unit which sells its advisory services. This unit appears to be developing a reputation within Maputo as a source of advice for technological transfer questions.

3. INDUSTRIAL MANPOWER DEVELOPMENT

Introduction

50. Among the world's developing countries, Mozambique suffers from the effects of having one of the weakest human resources bases^{2/}. The shortage of trained manpower at all levels, from the most basic workers to senior technicians and managers, is extremely acute. Out of an estimated population of 15-16 million, and a 6.1 million potentially active population, Mozambique has less than 3,000 university trained people, or 0,04% of total.

51. Ministry of Labour (MINTRAB) data for 1987 indicate that in the private sector about 40% of Mozambicans in technical and management positions had less than a 9th grade education, and only 0.02% of the modern private sector work force, or 355 persons out of 168,800 surveyed, were university graduates. This figure is half of the nationwide average as most university graduates used to find employment within the public sector.

52. For the public administration and the public sector in general, the severe shortage of trained Mozambicans is compounded by the problem of inadequate pay and other incentives offered to civil servants, specially at higher echelons. As a result, there is significant staff demoralization and absenteeism, and a number of key senior officials are leaving public service for the local private sector or for employment abroad.

53. Another symptom of the current crisis of local capacity, especially in Government, is that Mozambique has had to rely increasingly on foreign assistance personnel to help make the public sector, and indeed the entire economy function. A UNDP NatCAP study estimates that in 1987 a total of 3,000 foreign experts were working in the country at a cost of about US\$168 million, equivalent to about 10% of Mozambique's GDP. This number is thought to have increased since then, but updated figures could not be obtained by the mission.

54. Top Government officials have recently expressed a strong interest in building a development management capacity in Mozambique through targeted support to the education sector, design of more effective public sector incentives, and improved use of technical assistance.

55. According to the World Bank's "Capacity Building Study", for a consistent and successful HRD effort in Mozambique, it will be necessary to:

- a. strengthen the pipeline of skilled entrants by investing in secondary and university education;
- b. provide adequate incentives to attract and retain skilled employees;
- c. establish appropriate organizational structures and institutional environment for policy formulation, planning and implementation;
- d. encourage technical assistance to contribute to local training and skills development where necessary;
- e. support local in-service and on-the-job training efforts; and
- f. exploit regional training opportunities when and where local education is not cost effective.

56. Substantial gains in management and technical capacities will be required if Mozambique is to steer a productive development course in the years ahead.

^{2/} World Bank Report "Mozambique Capacity Building Study Aug.1991"

National Education System

57. Since 1983, the Mozambique's education system (see the national education system basic chart in annex)) has been organized around the following five subsystems:

- a. General education (primary and secondary education)
- b. Adult education,
- c. Technical and Vocational Education,
- d. Teacher Education and
- e. Higher Education

General Education

58. The majority of primary school teachers have only a 6th grade education and one year of pedagogic training. This situation is currently being remedied with the enrollment of primary schools teachers in a 3-year pedagogic training course, or by requiring an educational level at least equivalent to the 9th grade. However, as teachers get more education and training, they demand higher wages and last year several strikes occurred.

59. There are in total 40 education establishments offering classes for grades 7 to 9 and only 6 with pre-university studies. Not all the provinces have middle level educational establishments.

60. At present there are only five specifically designated pre-university secondary schools in Mozambique (although under some conditions students from the commercial or industrial institutes may be allowed to enter the university). These schools, located in urban centers, have a capacity for only about 3,000 students (excluding night classes) and are ill-equipped to teach the established curricula. Installations are in disrepair, and textbooks are unavailable, and libraries, equipment, and laboratories are virtually not existent. These schools teach curricula which are excessively theoretical and force students to memorize large amounts of material for exams, with little emphasis on conceptual knowledge and analytical skills.

61. In general the efficiency of the general education system is very low. The major problems affecting education are:

- a. More that 50% of the students have no text books;
- b. In some provinces, more that 80% of the students have no paper or pencil to write with;
- c. There is a generalized lack of classrooms and consequently overcrowding;
- d. Boarding facilities often do not have food, are grossly overcrowded with poor hygiene facilities;
- e. The actual rates of graduation between classes are low (mainly due to students dropping out):

62. The Party Congress decided during 1987 to allow private schools. There have been few requests for authorization from the Ministry of Education to establish such schools so far. Its is expected that the Catholic Church will eventually play an important role in the supply of private education.

Technical and Vocational Training

63. From 1983 until early 1991, technical and vocational training was administrated and coordinated by an independent state secretariat (SETEP) under the Ministry of Education. SETEP had difficulties in fulfilling its role in relation to vocational training, namely the definition of policies for vocational training and the coordination of all vocational centers. In January 1991, SETEP was abolished and the responsibility for the coordination of vocational training passed to the Ministry of Labour, with the Ministry of Education retaining the responsibility for technical education.

64. The technical education system graduates 2000 students every year. At present, there are a total of 23 basic-level, professional and technical schools distributed across each of the Provinces, and 9 medium-level institutes, all under the Ministry of Education. For the industry, the technical schools are:

- a. Ten Industrial or commercial and industrial schools, (one in each province) which provide basic technical education;
- b. One school in Inhambane, the "Escola de Artes e Oficios" which is considered a model to be possibly developed in other provinces, as it strongly emphasizes skills development.
- c. Two industrial institutes, one in Beira and another in Maputo which provide a medium level technical education

65. The technical courses offered for commerce are accounting, customs, computing and secretariat and for industry, engineering, mining, construction. The curricula used in the technical system were mostly developed in 1982 and have not been revised since then. At present, there is little relationship between the educational system and employers; the contents of the education is directed more towards further education. HRD in Mozambique has traditionally been supply-driven.

66. Any future strategy for curricula development of technical education has to broaden the content of the courses, make them less specialized and more practically oriented in order to increase the employment opportunities for graduates. Specialized training will be concentrated in vocational training centers or in the enterprises. In both cases the Ministry of Education can assist in curriculum development, methodology, and define the basic disciplines needed for the granting of diplomas as it did for the railway school of Inhambane.

67. A Master Plan is currently being designed for educational and vocational training by the Ministry of Education, and the Ministry of Planning for a 1993 release. As the Direction of Vocational Training has been recently transferred to the Ministry of Labour, it is expected that MINTRAB will also be full involved. Assistance to the development of the Master Plan is provided by WB, UNDP, GTZ, DANIDA, SIDA, FINIDA, the Italian Cooperation with SIDA being appointed the lead assistance agency. The Master Plan will cover the basic and medium education and training levels for the industry sector. The majority of schools to be developed will be in the industrial sector. With funds provided by DANIDA, consultants are being recruited to start in September 1992 the studies on the technical, vocational training for the development of the Master Plan for the Education sector. A National Training Authority is foreseen in conjunction with the Master Plan.

68. One of the major problems faced by the Ministry of Education is how to attract and retain qualified graduates for teaching positions. The situation is worsening as MINED can not offer a package of salary and fringe benefits competitive with the private sector.

69. It is estimated that there are currently approximately 92 vocational training centers in operation, organized by individual enterprises, groups of affiliated enterprises, or Government Ministries. Only 4 centers are under the Ministry of Labour. The training activities are for the purposes of breaking-in newly-recruited workers to their jobs and for upgrading the skills of existing workers.

70. There are some standards for the different industrial specializations. But in vocational courses conducted by or for the enterprises, the evaluation and the final qualification of the workers are the responsibility of the enterprise which uses enterprise-specific grades and specializations. These qualifications are not easily recognized by other firms which limits the mobility of workers between employers. While this system allows the employer to retain its investment, it may tend to discourage workers from participating in training activities as they perceive their gains as very limited. SIDA's recent review of training (May 1991) indicates employers' satisfaction with the training provided. In addition the drop-out rates in the centers surveyed by SIDA showed that less than 5% of students fail to complete the courses.

This situation can be seen as positive, in the sense that the Government's educational burden is being shared by employers with better efficiency.

Higher Education

71. Student intake at Eduardo Mondlane University (EMU) has recently increased to 800 per year, but because of poor student performance, the University has been graduating only 150 students annually. To date (August 1992), it has produced only 2,063 graduates. This is a low graduate output, especially in relation to the country's perceived need for university graduates when compared to other countries.

72. In its recent institutional needs assessment "Eduardo Mondlane University Present and Perspectives", the University indicates an intention to nearly increase enrollment to 5,500 by 1996 and then stabilize it at this level. The most serious constraints to increasing the output of graduates from the university include the shortage of qualified secondary school candidates to enter UEM, an insufficient number of qualified national teaching staff, a scarcity of textbooks, library resources, and laboratory equipment, and limited physical facilities.

73. In 1991 the university instituted an admission examination as a means of managing enrollment growth and improving the selection of new entrants. The exam also allows the university candidates, for the first time in nearly a decade, to select the course of study for which they feel most qualified or have the greatest interest. The student demand is very strong in law, economics, engineering and computer science.

74. EMU presently receives just 28% of its operating budget from the Government. This rates as a major anomaly on a continent where governments routinely provide 90% or more of university costs. The remaining 72% of its current costs (much of it for expatriate teaching staff) is covered by donors.

Overseas Training

75. Mozambique makes extensive use of overseas training, for mid-level education, post-graduate specialization, and short-term specialized courses. In theory, systems and procedures exist for identification of needs for overseas training, for allocation of scholarships and for tracking those abroad. In practice, however, there is little planning of priorities or guidelines for selection or monitoring of impact. In the past the relationship between job responsibilities, job performance, training and career development has often been weak, leading to a waste of training effort.

76. Currently, under the aegis of the Ministry of Education, 800 technical graduates from medium and university level, are studying abroad and are expected to return to Mozambique during 1992-95. Many others students have been sent to study abroad through others Ministries and enterprises, but the number is not known. In addition, the general or technical quality of this training program, mainly in Cuba, ex-Soviet Union and ex-DDR is unknown.

Training for Professional and Management Development

77. Management training courses are still scarce in Maputo and most of the training has been done by expatriates included in TA projects.

78. A rather successful example among the vocational training centers is the case of CFI (Centro de Formacao Industrial), established in 1987 with the support of UNIDO and SIDA. CFI is officially affiliated to the Ministry of Industry and Energy. It has established links with the business sector and has managed to adjust its activities to market demand. It is now seeking to expand its activities in management training and business consultancy. CFI is currently being supported by Swedcorp (replacing SIDA), and receives no financial support of the Government.

79. The ILO training programme "Improve Your Business" introduced through IDIL in 1989 is being used in 8 provinces and will be expanded by 1993 to the 10 provinces. More than 3000 trainees have already participated in the programme. It has been funded by Swedcorp until now but it is not certain if this support will be ongoing.

80. ADG (Associação para o Desenvolvimento de Gestão) is the result of a partnership between a Mozambican Bank, large Mozambican companies and a Portuguese management institute. Short and long courses are conducted by expatriates and are regarded as high quality.

81. The Chamber of Commerce is holding once or twice a year a course in Marketing with expatriates and it is regarded of good quality.

HRD in the Private Sector

82. AIMO (Associação Industrial de Moçambique) requested 2 years ago some institutional support from UNIDO. One month ago, one short consultant was chosen to undertake a general needs survey of member companies and to make recommendations. The expected major areas in demand for training are:

- management at high level (crash course 10-12 days)
- Information and decision making process.

83. AJEM (Associação dos Jovens Empresários de Moçambique) intends to develop an on-going training program but so far has only succeeded in organizing one two-day seminar on taxation and inflation. Its perception of major training needs includes:

- Entrepreneurship Development Programmes (for new entrepreneurs)
- Basic management for entrepreneurs (already in business).

84. TEXTLOM is a private textile company with 2000 workers. Although TEXTLOM did not conduct an extensive training needs assessment, its HRD staff thinks that too many of the workers are poorly qualified and too many are too old to be effectively trained. In the short term, the company faces constraints in upgrading the skill level as legally it cannot fire low qualification workers to replace them by better trained ones. In 1989, TEXTLOM carried out a small needs assessment for middle managers in the field of marketing. It has sent employees to be trained in courses given by CFI, including in the management field, and consider it the most organized training center. TEXTLOM is also sending participants to ADG and the Chamber of Commerce. For the textile industry, updated training programmes for middle technicians in Mozambique is needed while higher level training should be done abroad.

85. TDM (Telecomunicações de Moçambique) has 2500 employees. In 1981 with the assistance of ILO, it started a personnel development plan. Today it is in an advanced stage of self-sustainability, staffed mainly with national technicians. TDM is receiving a substantial support of SIDA including training, and support for a telecommunications training center in Maputo. In 1993, TDM will go public and an effort is made to develop management skills at different levels in order to achieve higher quality and overall performance including increase of profits. TDM has developed a policy paper for HRD based on the need to:

- a. Further reduce the unskilled labour force, and recruit and train new technicians.
- b. Integrate HRD with organization development
- c. To be prepared for large technology changes in the near future
- d. Integrate HRD in the strategy plan to match change of attitudes and behaviour and the new goals of the company.

86. All large companies have in-company training facilities. But the situation is changing: as some are expanding the training facilities, others are opening their training facilities to

other companies, and some enterprises are closing their vocational training centers or renting them to private training companies engaged in training for others sectors.

87. No financial incentives exist for training, which increases the difficulties to the companies to run their own training premises and programmes.

Employment Generation-oriented Training

88. Assistance and training programmes oriented toward employment generation are needed. Target groups are returnees including miners returning from South Africa, dismissed personnel (unskilled) from the public and private sectors and the future demobilized soldiers.

89. Since 1989 GPE (Gabinete de Promocao de Emprego), has been managing a WB line of credit of US\$ 2,5 million to assist small scale enterprises (SSE) investments and promote employment. So far, 50% of the funds available have been used in assisting 250 enterprises. No training has been linked with this credit line. However a new line of credit (DM 2,5 million) has been granted by the German Government with the assistance of GTZ to assist new entrepreneurs from the 16000 returnees from former East Germany. GPE is training new entrepreneurs in a EDP (Entrepreneurship Development Programme). It is possible that in the future GPE, the Department of Training and the Department of Employment, all from the Ministry of Labour will jointly form the basis for a new "Employment Institute".

90. IDIL is focusing on small enterprises (average of 10-50 employees) and on medium enterprises (51-100). It is estimated that there are more than 1000 SSE in Maputo, including some with slightly less than 10 employees (which legally is considered to be an informal enterprise).

91. INDER (Instituto de Desenvolvimento Rural) is involved in formulating and implementing projects for rural development, where IDIL will play a major role in assisting small scale industries including training.

Specific Training Opportunities for Women

92. OMM (Organizacao da Mulher Mocambicana) is offering to its members management training programmes, such as IYB, with the assistance of IDIL.

93. Activa (Associacao das mulheres empresarias e quadros de Mocambique) is creating a training section to evaluate and inform its members on training opportunities. They have already conducted for their members two IYB training programmes with the assistance of IDIL, but they wish in the future, if resources are available, to have and develop their own training programmes. Assistance is needed to formulate and carry a survey for business women development and to post a business advisor and a technical advisor in the Association.

94. IDIL (Instituto de Desenvolvimento da Industria Local), following expertise gained with the UNIDO project DP/MOZ/86/015, launched a survey on business environment for women and created a Women's Desk. It is estimated that 30% of the 3000 participants of the IYB seminars conducted by IDIL have been women.

95. INDER (Instituto de Desenvolvimento Rural) has ideas of projects specifically for women from findings from others projects (EX:UNICEF-training and support to women, where INDER will developed a project to reduce the time women take to cook).

Coordination

96. Between the various public training institutions under the Ministry of Education, there exists some coordination but between public and private sectors coordination is almost non-existent. Coordination is also weak between professional and vocational training centers under different ministries. More synergy of the training activities could be obtained if a coordinated

network of training centers would replace the current situation of each training center working completely alone and totally independently of each other, duplicating many training activities, saturating some segments of the market, and not achieving sustainability at all.

Details on HRD Demand

97. Training is regarded by the Government at least within the CNP as very important for the reconstruction of the country. Most of the training provided by international assistance is short term and more should be done for education on medium and university level, and on training capacity building. Main fields for training are:

- Rural development
- Industrial development
- Commercial Development
- Public Administration

98. Until 1989, the employment allocation of graduates from elementary, basic, medium and university level was decided by the Ministry of Education in conjunction with the National Planning Commission and the Ministry of Labour, based on demand and supply information. Since 1988, the supply of graduates with basic level skills has overtaken demand and their allocation was liberalized. After 1990, the allocation of all levels of graduates was liberalized. As there is now no centralized information system on demand and supply of labour, the Ministry of Education has increasing difficulties in forecasting the needs to be met by the national education system.

99. There is no reliable information at the Ministry level, on the labour market, but also there is lack of information within the enterprises about the potential of technical school training. Some actions are under way to minimize and reverse this situation through :

- invitations to managers/technicians of enterprises to conduct lectures in the technical schools.
- requesting probation periods for graduates.
- offering courses to retrain workers.

Technical Assistance

100. The Government has little control over the decision to hire foreign technical assistance experts and limited ability to monitor services received. Mozambique obtains the direct support services of the technical assistance experts, but long-term gain in local capacity building is limited. At the same time the Government finds it administratively difficult to cope with so many TA projects and has difficulty in identifying qualified local counterparts. Estimates of the total number of foreign workers currently employed in Mozambique vary, ranging from 3,000 to 5,000 in the private sector and in the Government.

101. The current system of technical assistance exhibits a number of serious weaknesses. The technical assistance is not well managed in many cases as expatriates are being employed to do the work which could be performed by trained Mozambicans. In many other cases, the expatriates carry out needed technical or managerial tasks but do not transfer their skills or knowledge to local Mozambican counterparts.

102. One of the recommendations of the WB is to increase the training component in the technical assistance projects. To complement this recommendation the government of Mozambique should increase the motivation of the national counterparts through better salaries and responsibilities to contribute effectively to the institution building effort and ensure sustainability.

103. The Government, with the support from UNDP through the NatCAP programme, is attempting to improve the management of technical assistance. To date, an overall policy on

technical cooperation has been formulated and each ministry is preparing a sectoral strategy and a human resource development plan which is supposed to integrate TA needs into larger manpower needs of the Government. The Government issued in May 1990 a Policy Paper on Technical Cooperation (TCPFP). The TCPFP established a series of guidelines regarding TA management, the first being to use TA whenever possible for training activities .

104. TA is often ineffective in transferring expertise, or contributing to institutional development because the Government does not share the objectives of the international agency providing the funding, which are in many cases more supply-driven than demand-driven. General guidelines established by the Ministry of Cooperation and distributed to the donor community, could contribute in the future to ensuring full Government commitment before investing large amounts of resources in expensive TA, these being:

- a. Active solicitation on the part of the Government agency for specific TA;
- b. Participation of the Government agency involved, in the drafting of the consultant's terms of reference
- c. Clear definition of the output of the consultant, with strategies for integration of this output into the overall work plan of the Government agency;
- d. When appropriate, the full participation of local counterparts.
- e. Also more involvement of the Government agency in the selection of the consultant/expert have been mentioned by Government officials as crucial to better project implementation.

105. The mission interviewed INDER, and their experience on TA which had positive (a, b) and negative (c, d) sides:

- a. Most projects ideas are coming from the Governors of the Provinces or District Directors.
- b. For each project there is a national steering committee , who meets twice a year, and monitors the project implementation.
- c. Still many project documents and project ideas are presented by the international community to the Government to be just signed
- d. The major bottleneck of local staff participation in the different stages of the project cycle is not lack of national skilled personnel but lack of management and organization of the project to integrate national staff, more motivation incentives are required.

106. Donors also complain of the ineffectiveness of their TA projects in transferring expertise due to the lack of adequately trained counterparts. Several donors cited instances in which TA projects do not include funds to train local counterparts, effectively thwarting the goal of the TA project before it even begins.

107. The lack of coordination among external donors has been a major factor contributing to Mozambique's HRD capacity problems. Competition among donors for scarce managerial talent in the Government, for example, has resulted in an escalation of salary supplements for local staff working in donor funded project. Donors might be asked to help fund an improved programme of incentives for senior civil servants, for example, at least during a transitional period. the Government is creating a personnel fund (with foreign aid) to supplement the salaries of 2000 Government officers.

4. INTERNATIONAL ASSISTANCE TO INDUSTRIAL HRD

General

108. According to the UNDP Development Cooperation Report 1989 (published in 1991), during the report year, Mozambique was the recipient of US\$952 million in assistance broken down into US\$246.1 million in externally supported technical cooperation, US\$486.4 million in capital assistance (including balance of payment support) and US\$219.5 million in emergency relief making it probably the largest assistance recipient in Africa. After jumping significantly between 1984 and 1985, external assistance grew steadily and now averages US\$950 million per year. The list of donors is no less impressive: it included 13 UN agencies, 3 non-UN multilateral agencies, 32 bilateral donors and 39 NGOs.

109. The Human Resources Development component of this assistance was US\$75.3 million according to the classification adopted by the report or 7.9% of total ODA. The breakdown of assistance for this sector by type was the following:

US\$ Million	Technical Cooperation		Investment	Programme/ Budget	Total
	Free Standing	Investment Related	Project Assistance	Aid or BoP Support	
Sectoral Policy & Planning	7.4	1.8	3.1		12.3
Secondary Schooling	0.7			0.2	0.9
Tertiary Education	2.3				2.3
Techn & Managerial Educ. & Trng.	51.2	3.7	2.9	1.2	59.0
Non-Formal Education	0.4	0.3			0.7
Total	62.0	5.8	6.0	1.4	75.2

This assistance was channeled through at least 108 distinct projects. The importance given by the international community to technical and managerial education and training is clearly in evidence by the fact that almost two-thirds of total funds expended for HRD were allocated to that category.

110. For the purpose of this mission, assistance to the industrial sector is also immediately relevant. For the year under consideration, total external assistance to this sector amounted to US\$219.4 million (or 23% of total ODA) with the following breakdown:

US\$ Million	Technical Cooperation		Investment	Programme/ Budget	Total
	Free Standing	Investment Related	Project Assistance	Aid or BoP Support (!)	
Sector Policy & Planning	0.6	0.1	0.1		0.8
Support Services & Facilities		23.3		170.3	193.6
Cottage and Small Scale Industry	0.2	0.2	0.2	0.1	0.7
Medium Scale Industry	0.5	1.9	10.8	3	16.2
Large Scale Industry	0.5	1.5	6.1		8.1
Total	1.8	27	17.2	173.4	219.4

Note: (!) Includes emergency and relief assistance.

This assistance was channeled through 78 different projects. Almost 80% of all expended funds were allocated for support services and facilities under program and budget assistance and balance of payment support. The remainder was basically investment related assistance.

111. The technical assistance to industry includes industrial HRD components both in the transfer of specific skills and in the building of an autonomous local capability for the continued development of skills necessary for a reactivation of the industrialization process. However, the lack of detailed and reliable information made it impossible to come up with a clear assessment of the overall contribution of ODA assistance to HRD in industry.

112. Indeed, the management capabilities of any government would be swamped in front of such an onslaught of assistance projects. In the case of the Government of Mozambique and its allegedly^{8/} weak managerial capabilities, this point takes on a special relevance. One cannot but get the impression that international assistance is too often based on impressionistic assessments of needs by each donor. In the case of the needs for managerial skills for example, discrepancies are found between donors themselves and even between private sector representatives: while some underscore the need for medium level managerial capabilities others emphasize the need for top managers.^{9/} While the assistance to the development of small scale industry probably benefits from a healthy competition between different approaches, the different points of view on managerial needs probably hinders the development of a program leading to the sustainable capacity of the country to satisfy these needs. In addition, the uncoordinated activities between agencies focusing on top management training may induce a competition for a small candidate pool and the consequent withdrawal of needed talent from the country for long periods.

A. UNIDO'S CONTRIBUTION

113. Over the last ten to eleven years, according to a summary prepared by the Maputo UNIDO office, UNIDO has implemented some 64 projects^{10/} of which some 19 can be considered to have had some industrial HRD component, either through the transfer of specific technical skills or through its assistance to local institutions in creating the permanent and autonomous capability to train individuals in needed skills.

114. An analysis of the budgets of UNIDO's activities in Mozambique indicates that the training component, as stated in the budgets, represented only 3% of total expenditures (US\$12.5 million) over the period. When only projects with planned training activities are taken into account, the allocated amount for training rose to 5.1% (5.4% if the ill-fated HRD project is excluded). This apparent low level of input in HRD activities is in fact misleading. It only reflects the activities included in the budget line 30 of the UNDP budgeting system

^{8/} The mission considers that the Government of Mozambique may not be as devoid of good managers as generally thought. Directors within various ministries and some of their staff have been found to be keenly aware of the situation and the dire needs of their respective sectors but rather perplexed by the multiplicity of offers of assistance. Their time spent in meetings with donors and assorted consultants (including this mission) precludes their capability to develop strategies which could be presented as a framework to be discussed with the different international agencies. Of course, it may be that the implementation of these strategies would face serious bottlenecks in the capabilities of medium level public managers.

^{9/} The need for top level managers seems to be often based on the low level of university graduates in the country as a whole. The mission however encountered an interesting angle on this issue from a representative of an international assistance agency: the argument was that in a situation as difficult as the current one in the country, top management is presented with challenges which require particularly high skill levels.

^{10/} The UNIDO Maputo Office has a "Summary Description of Technical Cooperation Projects in the Republic of Mozambique" based on the work of I. Grimm, associate expert. This summary is regularly updated and constitutes an invaluable source of information on the history of UNIDO activities in the country. The total of 64 implemented projects is an approximation because as stated in the summary 12 projects had apparently been implemented prior to 1990 but no relevant file could be found.

which includes individual fellowships, study tours and group training. These activities may have represented the bulk of HRD at the time when projects mainly consisted in investment and technical assistance but nowadays contribute, or at the very least should contribute, only a fraction of the total HRD effort. By closely working with expatriates and international consultants^{11/} nationals are supposed to be building their capabilities. In addition, specific training activities are provided in-country by international or even local consultants. The budget line approach gives an extremely restricted idea of the extent of inputs allocated for HRD by not including a whole range of activities which should contribute directly or indirectly to the development of HRD. As a result, an assessment of the efficiency of the HRD effort is impossible.

115. There is a certain irony in this situation. At a time when management is being emphasized as a crucial element of HRD, UNIDO lacks the basic management tools necessary to track its the effectiveness of its activities in industrial HRD. Of course, it is pointed out that the UNDP system requires a specific budget format. But the existence of a given required budget format cannot justify the failure to develop the proper management systems which would allow the monitoring of input levels for the projects activities. Indeed, all private companies in the world are also required to report under often different formats to tax authorities, regulatory bodies et al., but this set of legally enforceable constraints did not prevent the development and implementation of in-company systems by which different activities could be properly monitored. Thus the efficiency of a marketing campaign, a training program for employees et al. can be assessed. UNIDO's single reliance on the UNDP framework prevents all assessment of the relative efficiency of the different activities of a project.

Seminars, Workshops and Fellowships

Mozambique: Summary of Participation to UNIDO-sponsored				
Workshops and Seminars				
	1991	1990	1989	1988
Invitations Received	26	32	44	35
Actual Events	25	28	38	35
No Reply	11	25	25	24
Nominations	18	7	23	24
Participants	12	3	11	8
% of Events	48%	11%	29%	23%

116. Given the general technical and managerial skills in the country, the high percentage of no-replies by the relevant ministries to the different invitations seems rather surprising. Equally surprising is the low percentage of participants compared to nominations. The apparent reversal of this pattern in 1991 points out some problems in the chain of communications between the different actors involved and the positive impact of some steps to remedy these problems taken by the UNIDO Maputo office.

117. From a review of files in UNIDO Maputo offices, it is clear that an undue number of offers arrive from Vienna HQ too late to allow the time for a proper dissemination of the information through the official communication chain of MINCOOP and relevant sectoral ministries. Two examples which occurred during the last days of this mission illustrate well this point:

^{11/} International experts and short-term consultants are included under budget line 10 "Personnel".

- a. A fax informing of a meeting on "Cooperation between Asian and African Fisheries Specialists" at the end of October 1992 in Singapore was received only on August 3 although it was drafted in Vienna on July 1. The reply was to be made at "the earliest convenience, preferably by 7 August 1992", leaving 4 days for MINCOOP to receive this information and reply. In this case, however, some latitude was given as receipt of nomination forms and other required documents by Vienna HQ was only due by September 15. But this limited available time to fulfill all administrative requirements^{12/} is more often the exception than the rule.
- b. In another case, the "Training Programme on Plant Maintenance for the Petrochemical, Petroleum Refining and Fertilizer Industry" to be held at the end of September 1992 in India, initial communication from Vienna HQ was dated April 27 and proposals for nominations were due by June 30th leaving ample time for answering. Maybe because participants were expected to bear the full cost of travel, boarding and training, no nomination was received by UNIDO Maputo for this opportunity. However, the local office was only informed on July 31 by telex of a deadline extension to August 15th.

These short deadlines may not be a major deterrent to nominations in countries with a modern institutional infrastructure but create significant barriers to nominations with complete documentation in a country such as Mozambique^{13/}.

118. The high incidence of no-replies is due to deficiencies in the dissemination of the information by MINCOOP and relevant ministries as well as within firms and associations. In 1991, the improvement in the level of replies is due to the initiative of the local UNIDO staff to supplement the formal channel through MINCOOP and other ministry by an informal channel whereby firms and associations which are thought to have a potential interest in such a training opportunity are informed and, if interested, asked to contact the relevant government agency.

119. For a few years now, participants in workshops and seminars have not been required to write a report on their experience upon their return into the country. It is therefore impossible to come up with an assessment of this HRD aspect within the context of this mission. As opportunity allowed, the mission asked ex-participants to workshops whether they derived a positive impact from their participation. The response was positive but the mission was not able to probe beyond a broad general level. It is to be noted that according to UNIDO Maputo staff the number of nominations is correlated to the type of country where the seminar/workshop is held, with the ex-Eastern block country being low on the preference ranking. This observation raises the question whether - and why - training within countries such as the ones of the ex-Eastern block developed among LDCs a reputation for being of unacceptable quality or whether some consideration other than technical enter into the decision to participate in a training program.

Project-based Activities

120. One of the most significant undertaking of UNIDO in industrial HRD in Mozambique over the last decade was the assistance to CFI under different HRD projects: the preparatory phase, the first phase (HRD1) and the second phase (HRD2). These projects by providing

^{12/} including nomination form, C.V., health status documentation, English proficiency report and letters from the employer.

^{13/} In addition, the cover letter of the invitation is often vague as to the number of participants allowed for the country, the language of the course and other details forcing the local UNIDO staff to pour through the aide-memoire to summarize the requirements and profile of candidates to be nominated.

assistance to the Industrial Training Center aimed at developing an institution which would have the autonomous capability to keep on providing training services for the industry. The first two phases were successful in the sense that a small permanent staff and associates were trained and could effectively take over the activities of CFI.

121. However, MIE of which CFI depends could not ensure the necessary financial support and fell short of providing the necessary resources for the activities although it appears that the development of CFI as a full-fledged training center was perceived by the authorities as a positive development. The question of sustainability of the institution as well as the possibility of a deepening of the training became uncertain. Under these conditions, CFI undertook a series of actions which are remarkable on the part of a public institution: CFI shifted to a demand-driven strategy for its survival and started providing courses for a fee. The current conditions of the industry - and probably the still nascent abilities of CFI in the area of industrial management training - did not provide a sufficient market for CFI activities. The decision was then made by CFI to provide courses for which it had both a capability and a market: English, secretarial skills etc...

122. Although this decision demonstrated a great autonomy on the part of the institution and a potential for its survival at the end of external assistance, it also appeared to devalue somewhat the achievements of the two first phases in the minds of technical staff of UNDP. Questions were raised as to the nature of the training provided and as to a potential reorientation of CFI although this mission considers that the activities of CFI while not exactly in the domain of industrial HRD were somewhat complementary and not incompatible. Discussions also concerned strategies to ensure survival among which a suggestion of developing a consulting capability for small scale entrepreneurs was aired. Negotiations for HRD2 between Government, UNDP/Maputo, UNDP/New York and UNIDO lasted almost two years.

123. In June 1991, a compromise was accepted by which the project would be approved but the CTA would undertake within the first two months of the project an assessment of CFI and suggest a project revision. Delays in providing a CTA, apparently because the person supported by the MIE was not available led the project to be not implemented at the time when the financial difficulties of UNDP in general and of UNDP Maputo^{14/} led finally to withdrawal of the committed funds. As a result, CFI now only benefits from support of SIDA which is known not to be in favor of being the single source of external assistance. The achievements of past projects are endangered and the possibility to build on existing capability to deepen industrial training ability may be reduced. A recent consulting mission by the selected CTA to undertake an assessment of CFI resulted in a dismissal of CFI in about four lines - because CFI does not provide industrial training (which was already known) and because CFI is at the limit of its budget (whatever that may mean when in fact additional resources would potentially become available) before advocating the creation of a center of management excellence for the whole of Africa (sic), a significant deviation from the terms of reference.

124. This series of events raises serious questions about UNIDO's ability to implement a strategy toward industrial HRD, if it exists. It seems rather odd that UNIDO would fail to provide the timely support to an institution it had helped build. Since UNIDO had already gone through the steps of selecting a CTA it cannot be argued that UNIDO disagreed with the project concept. Blaming an isolated management failure does little to alleviate the problem. It is not the purpose of this mission to assign blame either on UNIDO/Maputo or on UNIDO/Vienna but rather to point out the systemic weaknesses: either separately or jointly, the UNIDO offices in Vienna and in Maputo failed in their duty to compensate effectively for

^{14/} UNDP Maputo appears to have exercised great patience in this regards and resorted to the final decision only when it became clear that the project would not be implemented within a reasonable time frame.

the negligence of the other. It is likely that the cause of this management failure rests with a particular culture within UNIDO which focuses on individual projects and loses sight of the ensemble despite the efforts to develop a programme approach or strategy.

125. The "Industrial Policy and Institutional Adjustment Project" had objectives to help MIE design an industrial policy and to set up the capability within MIE to manage industrial policy. As such, in the understanding of this mission, it had two HRD components: a transfer of technical knowledge by having counterparts work closely with - and not for - international consultants and a change in attitude toward industry within MIE. In addition, since human resources has been widely identified as a key constraint to the development of the country in general and of industry in particular it would be expected that the strategy to be developed would include a strong element of industrial HRD.

126. Unfortunately, in the appreciation of this mission, the HRD contribution of the project is extremely limited and very much incidental. This rather negative finding may be due to the fact that the current CTA described the project as a direct support on several occasions despite several opportunities to clarify his views on this topic. With such a perception, it is not surprising that most of the activities take on the character of technical assistance in its most restrictive sense. National counterparts have no inputs in the design of the activities and seem to be used almost exclusively to support the work of international consultants with little inputs beyond what is directly asked of them. Under these conditions, HRD depends exclusively on the innate ability of the individual to overcome the obstacles rather than from a framework which induces learning.

127. The institutional adjustment aspect of the project appears to be limited to the design of a new organizational structure of MIE, an organigram which was designed without consultations with some of the agencies own officials. In addition two MIE institutions, CFI and IDIL, are to have their functions redefined according to the CTA although it became clear that project staff had only superficial contacts with either of them. In a somewhat similar fashion, the total HRD element of the alleged industrial strategy is limited to a project proposal for the creation of a top level management institute^{15/}. This proposal makes no reference to existing structures under MINED, MINTRAB or to the university: conversations with some officials of these ministries and with project staff confirm that this apparent oversight is the result of a complete lack of communications between the project and officials other than those within the Directorate of Industry and Energy.

128. The project then seems to function entirely in its very limited environment. This may be rejected by the project staff as an unfair comment. Who are likely to point out that their sub-sectoral studies and other surveys of the private sector are in fact considering a broader environment. This argument is somewhat spurious: these activities are only conducted to get the technical inputs for the reports and the interaction seems very much limited to the exchange of some information, the project getting data from the private sector and from time to time making a presentation of its current status. In fact, the project has had no consultations on issues which transcend MIE with the relevant institutions and even within MIE little interaction with departments other than DIE even when it has decided almost unilaterally to alter their functions. The lack of consultations and feedback except from a small group within MIE does not contribute to a deeper understanding of the problems and of the potential solutions.

129. In fact the whole implementation of the project is completely antithetical to the new conceptions about development projects which have emerged over the last decade. The whole impetus behind the project activities is to produce a series of reports including the industrial

^{15/} It is interesting to note how well this proposal dovetails with the one for a center of excellence made recently by the consultant for the assessment of CFI.

policy paper, which is yet to be drafted, without regard for the development of an autonomous institutional capacity to assume the role of industrial sector management^{16/}. Despite the absence of an industrial policy draft paper, the project is already producing as outputs ideas of new institutions to be created with the financial assistance of international agencies. This fact lends credence to the opinion of this mission that the industrial strategy will probably be no more than a collection of new projects ideas and not the result of an identification of objectives and of the realistic paths to achieve them. If the project is not capable to incorporate the basic elements of strategic thinking, it is unlikely that it can build that capacity within MIE. Therefore, in its most fundamental aspect its contribution to industrial HRD is irrelevant.

130. UNIDO is currently executing an 18-month project in Nampula for the promotion and development of small scale industries. The project is considered a pilot project for Mozambique as it provides training for starting entrepreneurs, feasibility studies and thus helps them access the credit facilities of Small Enterprise Development Fund (FFPI) financed by SIDA. Although the project started at the beginning of this year, a conversation with a recently hired international expert revealed that the FFPI is far from being an operating facility and that steps will be taken in the next two weeks to at least make it operational for Nampula.

131. The joint implementation of a training program and a credit program for assistance to the development of small enterprises is a modality which is becoming quite widespread. However for the present case one may question the wisdom of starting the training program, especially when this program is of a relatively short duration, before the credit program and its conditions have been defined. In the case of the FFPI, a proposal for the lending program suggested interest rates which were sharply negative in real terms. While it is reasonable to subsidize training for small entrepreneurs to a certain extent, negative real interest rates are a different matter entirely. If this proposal for FFPI had passed, the project would have provided a subsidization of the training cost - a reasonable decision in the case of small entrepreneurs -, free feasibility studies for the small scale investment projects --an already more dubious decision^{17/} - and finally heavily subsidized interest rates. Under these completely artificial conditions it is quite likely that the small investors could have all been very successful. But the pilot character of the project would have been completely wasted as no significant body of experience could be drawn from these activities which would allow to design other small scale industry assistance project. Fortunately, the scheme of negative real interest rates has been rejected in favor of rates closer to market- determined levels. Nevertheless while these basic discussions were going on the training project provided by UNIDO had already started and feasibility studies are being prepared while there is no corresponding financing institution as of yet.

132. Although the Nampula project was interesting from an industrial HRD point of view, it was not possible for this mission to visit the project staff in Nampula and discussions and document reviews were limited to project personnel and documents available in Maputo. With this caveat in mind, the mission had some questions as to the training material used by the project staff and the modalities under which the training is provided which may impact significantly on the fundamental efficiency of the activities. In particular, is it necessary to develop training material from scratch when it appears that other projects in country had already developed relevant material such as was the case for the IYB project at IDIL? It is also

^{16/} The project staff may also argue with this point by asserting that the project had helped develop a local consulting capacity by using local consulting firms. However, the amount of HRD in this aspect remains to seen: did the local consulting firm really benefit from an HRD standpoint by the activities they undertook for the project or did they mainly derive pecuniary benefits?

^{17/} The cost of the feasibility studies could be included within the own funds brought to the project by the investor or alternatively be included in the amount of the loan to be repaid.

the mission's impression that there may be a certain inadaptation of the terminology used and of the teaching examples to local conditions. Given the attention paid to the project by other international agencies, the HRD aspects should be carefully monitored by a competent small business development training specialist.

133. There is also the interesting case of the training programme for women entrepreneurs in the food processing industry. The project was intended to duplicate the apparently successful experiences in this areas within various SADCC countries and to use the materials already developed through those projects. However, in September 91, an economic viability analysis of the food processing sub-sector determined that the involvement of women entrepreneurs was low in Mozambique in contrast to other SADCC countries and consequently the demand for such training was almost non-existent. As a result of this study, UNIDO and UNDP withdrew the project from the pipeline and are in the process of preparing an assessment of needs for women entrepreneurs in Mozambique with the participation of ACTIVA. In the eyes of this mission, this decision was a positive demonstration of responsibility on the part of the UN system.

Gender-specific Activities initiated by UNIDO

134. Most of the training activities make specific reference to the participation of women. One activity - Women's Desk for women entrepreneurs - was induced by the project DP/MOZ/86/015 (Rehabilitation of small scale industries) and staffed by an associate expert for one year in IDIL. The associate left at the end of 1991 and no replacement has yet been found: the desk is not operating at present.

General Comment on UNIDO's Policy and Performance

135. From 1975 till 1985, the country faced an acute scarcity of qualified staff in the Government and in the private sector. UNIDO's assistance, as well as other donors', was focused on direct assistance, providing needed qualified --albeit temporary-- staff. During that period, the participation of the Government in project identification, formulation, and implementation was minimal. The national staff involvement was limited to facilitating contacts and support services. No real follow-up by the Government was then done, and once the project ended, all related activities stopped. Since 1986, the participation of the Government in the project cycle has increased significantly according to government officials.

136. However, the degree of effective involvement of national authorities in the different phases of the project cycle is probably highly uneven across national institutions. However, with regard to the selection of consultants and even more so long term international experts, there seems to be a general agreement on the part of the national authorities that there is not enough say from the national counterparts in the selection process. The general feeling is that too often consultants are almost imposed by donors, and that nationals have too little information to be able to support or invalidate the choice. The problem is particularly felt in the selection of expatriate experts who prior to selection may be interviewed by the executing agency but generally not by the national counterparts who can only rely on the information contained in a C.V. Of course, in this case, the subjective evaluation of the ability of the individual to work within a given context which is an important element of appreciation in an interview is completely lacking. Although the comments were made to the mission in the context of a UNIDO evaluation, it is likely that the problem is not specific to UNIDO.

B. OTHER INTERNATIONAL ASSISTANCE

137. Food Security is the main issue for in the USAID program of assistance. However, USAID is also offering fellowships for Masters degree in the field of economics, health and agriculture. This year, 14 Mozambicans will be enrolled but the program will become under review as USAID estimates that the target group who have the credentials to apply is very

small, around 200 individuals in the whole country, and subject to intensive competition among donors. Short-term training is also offered in Mozambique and in the USA and 50 participants are expected this year in management, economics, and others fields. They are developing a data base (expected to be operational end 1992) to do a follow-up of all participants attending courses in USA. One consultant in HRD will do soon a training needs assessment in the various sectors in order to develop a demand driven assistance in training. USAID will finance a management training programme for AEPRIMO members, to be conducted by a national organization. Two proposals have already been received but have not been considered technically acceptable

138. The Swedish assistance programme is very strong in education and support for public training institutions. Technical assistance and material support (teachers and materials) is provided to the industrial institutes of Maputo and Beira. The University is also the recipient of some materials on request. In the telecommunications sector, highly supported by SIDA, the main emphasis of the assistance is now HRD. SIDA is playing a major role between donors in the Ministry of Education, and was requested by the Minister to coordinate the commission for development of the master plan for education (including technical education and vocational training which is now under the Ministry of Labour).

139. GTZ (Germany Cooperation) is assisting GPE in employment creation through training (EDP courses during three weeks) and funding SSE. This project targets the group of returnees from Germany (estimated by some at up to 16000) and aims at helping them start small businesses. So far 90 investment projects are being analyzed.

140. The Italian Cooperation is assisting several regional delegations of IDIL: in Gaza and Tete (with a small budget of US\$ 50,000), in Cabo Delgado by proposing to contract IDIL to develop a technical assistance programme for local entrepreneurs (including helping them with loan applications and offering technical and commercial counselling). If the Cabo Delgado approach is considered successful, IDIL will be asked to assist entrepreneurs from Manica in investments projects up to US\$ 3,000,000. Assistance to GREI (Gabinete de Reestruturacao de empresas industriais) was requested by the Ministry of Industry and Energy, and is currently under consideration. In September 1992, the Italian Cooperation will start assistance to the Ministry of Labour on Vocational Training with an initial budget of US\$200,000 which can be later increased to US\$ 1-2 million US dollar

141. During the period of time the evaluation mission stayed in Maputo, no officials of the World Bank mission were in the country.

142. Coordination between international organizations is at present very weak. There is also lack of management of the cooperation by the Government. UNIDO could assist the industry sector in this matter as a multilateral agency and reduce the overlap of projects or absence of assistance in priorities sectors, and to guarantee that most technical assistance is planned in advance and flexible enough to adjust to changes. The United Nations role should be involvement in general issues and provide information to the bilateral assistance to give support in specific areas.

5. UNIDO'S POTENTIAL CONTRIBUTION TO HRD IN MOZAMBIQUE

General Considerations

143. In Mozambique, HRD appears to be considered by the international community as good per se without a clear view of priority areas or a coordinated strategy for actions. In addition, the poverty conditions in the country are equated with the generalized inability to pay for training and education without regard for the income of the targeted group or the earning potential derived from the training. This double perception leads to the subsidization of a vast number of training courses which are offered for fees significantly below actual costs. It is true that few educational and training institutions in the world are self-sustaining and that most benefit from some sort of subsidy at least to cover overhead. But in the case of Mozambique, there exists the real danger that HRD is not going to be considered as an investment to be made by individuals or firms but rather as a free good which devalues the worth of training. It has been mentioned to the mission that already courses for managers which intend to charge a fee close to the actual cost have low subscription rates.

144. Efforts toward capability building within the public sector have to confront the issue of the low salaries compared to equivalent positions in the private sector and the consequent low retention levels of professional staff. While the international community is well aware of the situation, its reaction to it seems misguided at times. For example, a personnel fund has been suggested to top off the salaries of high level public executives to reduce the incentive to shift to private sector companies or associations. In the same way, there are discussions about adding to salaries of national counterparts within projects to provide an incentive to be more productive within the project^{18/}. Aside from management questions which can be raised about such schemes in a system which is still very personalized, these schemes appear short sighted and have only a limited efficiency in the retention of capacities since they are entirely dependent on continued external support. Their only efficiency is directly related to the attainment of the specific project objectives and their contribution to HRD is minimal.

145. At this time in Mozambique, increasing attention is given to the needs for employment generation. The situation is in fact becoming critical. A stable annual demographic growth rate of 2.7% over the last fifteen years implies an increasing proportion of young people and that the number of new entrants on the labor market is growing at a much faster rate. With the probable increased participation rate of women resulting from both the need for additional income to sustain a family and increased urbanization and education, it is likely that the number new entrants on the labor market may grow at a rate between 4 and 6% per year which would have to be absorbed just to maintain current unemployment levels. Taking into account both necessary productivity gains necessary to make the economy competitive and even modest disposable income growth to meet the expectations of the population, the economy would probably have to grow at a steady rate of 9 to 10% per year for the next decade to absorb the new entrants. In addition, the possible return of thousands of refugees and the demobilization of the army will further intensify the crisis of the labor market. Of course, the modern industrial sector which represent only between 13 and 18% of GDP would have to grow at rates substantially higher to contribute significantly to employment creation.

146. With this grim perspective, it is understandable that the development of strategies for employment takes on a certain urgency. This mission has been asked to comment on several

^{18/} Already salary scales are distorted within some institutions by the presence of projects. Project drivers are sometimes being paid more than professional staff within institutions. Top staff at the GREI supported by the World Bank are receiving the equivalent of eight times the monthly salary of their colleagues in other public agencies: while this approach may be efficient in terms of attaining the project objectives, at end of project it is likely that these executives will either leave the public administration or will be hunting for other projects to maintain their income level. In either case, external assistance will have to continue either to replace these executives or to keep them within government.

occasions on the potential contribution of HRD toward employment creation. It is the opinion of the mission that while the two efforts are not necessarily incompatible they should not be confused and care should be exercised in attempting to link the two activities. HRD should be seen as a long term continuous effort to improve the competitiveness of an economy. If successful, HRD will then contribute indirectly to employment creation through increased economic activity. Employment creation in the present context of Mozambique takes on the character of an emergency to be addressed almost immediately. The time needed for HRD and its cost does not seem to make it the most appropriate method for employment generation. Rather the HRD effort should be directed at paving the way for a future dynamic economy.

Possible Contribution of UNIDO to HRD

147. Before suggesting new areas of activity for UNIDO in HRD, the mission wishes to make explicit a certain number of internal deficiencies in UNIDO's approach and management to HRD which have to be addressed before attempting to extend the field of HRD activities.

148. First and foremost, the mission considers that a certain number of activities considered as capacity building are in their most fundamental nature simply a provision of TA by international consultants and expatriates with the aspect of training of local staff only subsidiary to the T.A. In fact, it often seems that just the presence and the activity of an international consultant in the country is considered in itself as a capacity building activity. Supposedly, the local counterpart are being "trained" by working with the international expert without regard toward the nature of their work or the degree of their involvement in the definition of the activities. To put it bluntly, this attitude toward capacity building and HRD suggests that HRD is considered as a contagious positive development which can be acquired almost effortlessly just by being within the proximity of knowledge and skills, in the same way the flu can be caught from the sneeze of an infected person. We can only wish it were so!

149. HRD can only result from a concerted effort to transmit skills or to build the necessary autonomous capability to develop such skills in-country. It cannot be the sub-product of other activities. Since HRD has been identified as a key element of future sustained development, its importance should be clearly reflected in all successive phases of the project cycle. In turn, this implies the maximization of the involvement of locals in all the phases of the project. External expertise must act only as a support to the local effort and stop being the driving force behind the project, in other words become more of a consulting nature rather than a project implementing unit which provides direct support to the institution. It is the opinion of this mission that this is far from being the case in Mozambique. Too often, the involvement of local counterparts is limited to the support of external consultants and expatriates in the field with little apparent feedback on project activities on their part. It should also be clear that for such an HRD effort to succeed, the terms of references of expatriates should reflect not so much the importance of a final technical report -- which as much as possible should be the responsibility of local counterparts -- as the type of activities conducted to build the capacity of the local staff and a diagnostic of the skill deficiencies.

150. The apparent confusion between direct support and institutional building on one side and the misapprehended contribution of external assistance to HRD on the other reflect a certain vagueness within UNIDO about what constitutes an appropriate industrial HRD effort. Under these conditions, the definition of a strategy for industrial HRD assistance at the country level -- and maybe even at the headquarters level -- becomes problematic. The case of the ill-fated HRD2 project suggests the absence of a view within UNIDO which encompasses past activities and results onto which future actions in the context of industrial HRD could be articulated. Over all one senses an approach more based on a collection of projects for which funding is available rather than a clear assessment of the strengths of UNIDO and its potential contribution to the future development of the country. The lack of a clearly defined strategy

and concerted actions toward explicitly defined realistic objectives leads to a wastage of resources either already expended on completed projects or yet to be committed.

151. It is clear that, at this point in Mozambique, inter-agency consultations in questions of industrial development are limited to personal contacts and do not benefit from a formal framework. Comments from officials of different international agencies suggest that there is a felt need for some kind of coordination in the industrial development field and that UNIDO because of its neutral multinational character is seen as the organization which could potentially play a significant role of coordinator of the different actions. However, the apparent lack of a strategy for in-country operations puts in doubt the ability of the organization to effectively assume this role of coordination. Before undertaking this role UNIDO needs to be able to prove by its own activities that it is capable to help coordinate industrial development activities and to be the effective interface between the Government and donors.

152. It has been mentioned previously in this report that besides these broad generalizations there is no clear assessment of the industrial HRD situation in Mozambique. The supply side is generally considered as poor but the potential and deficiencies of each vocational school and technical institute is unknown^{19/} and it may be symptomatic of a parochial approach to industrial HRD that apparently neither MINED nor MINTRAB had ever been approached by UNIDO to assess the extent of activities of these agencies in the domain of industrial HRD. Of course, the demand side of industrial HRD in the present depressed conditions of industry in Mozambique is a particularly hypothetical exercise especially with regard to future needs. Nevertheless, it appears obvious that at the very least the response time to the emergence of some sub-sectoral or functional needs could be significantly shortened if a diagnostic of strengths and weaknesses of the supplying institutions existed.

^{19/} At least this mission has not found any suggestion that such an analysis of the supply of IHRD has ever been conducted.

STATISTICAL INFORMATION**Mozambique: GDP structure and growth by sectors**

	Agricult. & Cattle	Industry & Fisheries	Construction	Transport Communicat.	Commerce et al.	Total GDP
A- Growth rates						
1981	1.0%	3.1%	-2.1%	11.1%	-1.7%	2.4%
1982	-1.0%	-13.7%	4.3%	-7.8%	0.0%	-6.4%
1983	-22.1%	-20.0%	2.0%	-20.5%	-5.1%	-18.4%
1984	1.7%	-21.1%	-10.0%	-22.7%	7.3%	-9.5%
1985	0.8%	-18.6%	-4.4%	-11.7%	-6.8%	-7.6%
1986	-0.6%	-4.3%	44.8%	1.7%	-0.7%	2.2%
1987	7.0%	8.9%	-16.0%	-9.8%	3.5%	3.1%
1988	7.2%	7.5%	0.1%	3.3%	4.5%	6.1%
1989	2.6%	7.0%	0.0%	4.2%	3.5%	3.8%

Source: National Planning Commission

	Agricult. & Cattle	Industry & Fisheries	Construction	Communicat.	Commerce et al.	Total GDP
B- Indice of Production by Sector						
1980	100.0	100.0	100.0	100.0	100.0	100.0
1981	101.0	103.1	97.9	111.1	98.3	102.4
1982	100.0	89.0	102.1	102.4	98.3	95.8
1983	77.9	71.2	104.2	81.4	93.3	78.2
1984	79.2	56.2	93.7	62.9	100.1	70.8
1985	79.9	45.7	89.6	55.6	93.3	65.4
1986	79.4	43.7	129.8	56.5	92.6	66.8
1987	84.9	47.6	109.0	51.0	95.9	68.9
1988	91.0	51.2	109.1	52.7	100.2	73.1
1989	93.4	54.8	109.1	54.9	103.7	75.9
C- Structure of Output						
CNP 1980	55.4%	23.5%	4.9%	6.9%	9.3%	100.0%
1981	54.6%	23.7%	4.7%	7.5%	8.9%	99.4%
1982	57.8%	21.8%	5.2%	7.4%	9.5%	101.7%
1983	55.2%	21.4%	6.5%	7.2%	11.1%	101.4%
1984	62.0%	18.6%	6.5%	6.1%	13.2%	106.4%
1985	67.6%	16.4%	6.7%	5.9%	13.3%	109.9%
1986	65.8%	15.4%	9.5%	5.8%	12.9%	109.4%
1987	68.3%	16.2%	7.8%	5.1%	12.9%	110.3%
1988	69.0%	16.5%	7.3%	5.0%	12.7%	110.5%
1989	68.2%	17.0%	7.0%	5.0%	12.7%	109.9%
CNP	56.6%	13.3%	7.9%	4.4%	17.8%	100.0%

The structure of output has been calculated by the mission on the basis of the initial structure and the published sectoral growth rates. The fact that sectoral shares do not add up to 100% indicates a consistency problem between sectoral growth and GDP growth. The wide discrepancy between the sectoral shares at period end as calculated and the estimates of the CNP further confirm the existence of statistical problems

Mozambique: Structure of Industry by Size, March 1989

	0-9	10-19	20-39	40-99	100-199	200-499	500+	Total
A- Number of Units by Number of Employees								
I- Enterprises (1)								
31 Food, Drink, Tobacco	173	52	55	9	9	6	11	315
32 Textiles, Garment, Leather	218	19	8	17	15	7	5	289
33 Wood, Furniture	115	34	27	16	5	4	1	202
34 Paper, Publishing	4	5	10	10	4	3	-	36
35 Petroleum-based chemicals (2)	7	8	7	7	4	-	5	38
36 Non-Metallic Mineral Prod.	8	4	1	2	2	2	3	22
37 Basic Metallurgical Prod.	1	-	-	2	-	-	-	3
38 Metal Prod., Machines	71	28	18	14	8	14	4	157
39 Others	8	3	2	1	2	-	-	16
3 Total Manufacturing	605	153	128	78	49	36	29	1078
II- Establishments (1)								
31 Food, Drink, Tobacco	192	61	55	12	13	9	11	353
32 Textiles, Garment, Leather	223	19	11	18	17	8	5	301
33 Wood, Furniture	117	41	37	19	7	3	2	226
34 Paper, Publishing	6	7	12	12	3	3	-	43
35 Petroleum-based chemicals (1)	12	11	12	7	5	-	4	51
36 Non-Metallic Mineral Prod.	10	5	4	6	3	1	1	30
37 Basic Metallurgical Prod.	1	-	-	2	-	-	-	3
38 Metal Prod., Machines	75	32	26	26	13	13	2	187
39 Others	9	3	2	1	2	-	-	17
3 Total Manufacturing	645	179	159	103	63	37	25	1211

Mozambique: Structure of Industry by Size, March 1989

	0-9	10-19	20-39	40-99	100-199	200-499	500+	Total
B- Percentage of General Total								
I- Enterprises (1)								
31 Food, Drink, Tobacco	16.0%	4.8%	5.1%	0.8%	0.8%	0.6%	1.0%	29.2%
32 Textiles, Garment, Leather	20.2%	1.8%	0.7%	1.6%	1.4%	0.6%	0.5%	26.8%
33 Wood, Furniture	10.7%	3.2%	2.5%	1.5%	0.5%	0.4%	0.1%	18.7%
34 Paper, Publishing	0.4%	0.5%	0.9%	0.9%	0.4%	0.3%	0.0%	3.3%
35 Petroleum-based chemicals (2)	0.6%	0.7%	0.6%	0.6%	0.4%	0.0%	0.5%	3.5%
36 Non-Metallic Mineral Prod.	0.7%	0.4%	0.1%	0.2%	0.2%	0.2%	0.3%	2.0%
37 Basic Metallurgical Prod.	0.1%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.3%
38 Metal Prod., Machines	6.6%	2.6%	1.7%	1.3%	0.7%	1.3%	0.4%	14.6%
39 Others	0.7%	0.3%	0.2%	0.1%	0.2%	0.0%	0.0%	1.5%
3 Total Manufacturing	56.1%	14.2%	11.9%	7.2%	4.5%	3.3%	2.7%	100.0%
II- Establishments (1)								
31 Food, Drink, Tobacco	15.9%	5.0%	4.5%	1.0%	1.1%	0.7%	0.9%	29.1%
32 Textiles, Garment, Leather	18.4%	1.6%	0.9%	1.5%	1.4%	0.7%	0.4%	24.9%
33 Wood, Furniture	9.7%	3.4%	3.1%	1.6%	0.6%	0.2%	0.2%	18.7%
34 Paper, Publishing	0.5%	0.6%	1.0%	1.0%	0.2%	0.2%	0.0%	3.6%
35 Petroleum-based chemicals (1)	1.0%	0.9%	1.0%	0.6%	0.4%	0.0%	0.3%	4.2%
36 Non-Metallic Mineral Prod.	0.8%	0.4%	0.3%	0.5%	0.2%	0.1%	0.1%	2.5%
37 Basic Metallurgical Prod.	0.1%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.2%
38 Metal Prod., Machines	6.2%	2.6%	2.1%	2.1%	1.1%	1.1%	0.2%	15.4%
39 Others	0.7%	0.2%	0.2%	0.1%	0.2%	0.0%	0.0%	1.4%
3 Total Manufacturing	53.3%	14.8%	13.1%	8.5%	5.2%	3.1%	2.1%	100.0%

Notes: (1) Enterprises denote companies while establishment denote plants.

(2) Includes oil derivatives, rubber products and plastics

Source: Relacao Nominal 1989: Estrutura Empresarial

Sintese de Resultados (Preliminares)

Ministerio do Trabalho, Departamento de Estatisticas Sociais

May 1991

Mozambique: Location of Industry, March 1989

	Cabo										Maputo	Total
	Niassa	Delgado	Nampula	Zambezia	Tete	Manica	Sofala	Inhambane	Gaza	Maputo	(City)	
A- Number of Units by Regions												
I- Enterprises (1)												
31 Food, Drink, Tobacco	2	15	37	7	26	28	55	13	15	34	83	315
32 Textiles, Garment, Leather	1	3	23	4	5	15	50	15	9	15	149	289
33 Wood, Furniture	2	9	24	1	2	15	51	6	1	6	85	202
34 Paper, Publishing	2	1	2	2	1	2	5	2	1	1	17	36
35 Petroleum-based chemicals (2)	1	-	1	-	-	1	7	1	-	8	19	38
36 Non-Metallic Mineral Prod.	-	1	1	-	-	1	1	-	6	4	8	22
37 Basic Metallurgical Prod.	-	-	-	-	-	-	-	-	-	-	3	3
38 Metal Prod., Machines	-	1	7	3	4	3	30	5	4	25	75	157
39 Others	-	-	1	2	-	-	1	-	-	4	8	16
3 Total Manufacturing	8	30	96	19	38	65	200	42	36	97	447	1078
II- Establishments (1)												
31 Food, Drink, Tobacco	3	18	45	9	28	29	60	15	21	39	86	353
32 Textiles, Garment, Leather	1	3	23	5	5	15	52	15	9	16	157	301
33 Wood, Furniture	2	9	27	1	3	15	60	7	1	8	93	226
34 Paper, Publishing	2	1	3	2	1	2	7	3	1	1	20	43
35 Petroleum-based chemicals (1)	1	-	1	1	-	1	8	1	-	11	27	51
36 Non-Metallic Mineral Prod.	-	3	1	-	1	1	3	-	7	8	6	30
37 Basic Metallurgical Prod.	-	-	-	-	-	-	-	-	-	-	3	3
38 Metal Prod., Machines	1	3	10	4	5	4	37	6	4	29	84	187
39 Others	-	-	1	2	-	-	2	-	-	4	8	17
3 Total Manufacturing	10	37	111	24	43	67	229	47	43	116	484	1211

Mozambique: Location of Industry, March 1989

	Cabo										Maputo (City)	Total
	Niassa	Delgado	Nampula	Zambezia	Tete	Manica	Sofala	Inhambane	Gaza	Maputo		
B- Percentage of General Total												
I- Enterprises (1)												
31 Food, Drink, Tobacco	0.2%	1.4%	3.4%	0.6%	2.4%	2.6%	5.1%	1.2%	1.4%	3.2%	7.7%	29.2%
32 Textiles, Garment, Leather	0.1%	0.3%	2.1%	0.4%	0.5%	1.4%	4.6%	1.4%	0.8%	1.4%	13.8%	26.8%
33 Wood, Furniture	0.2%	0.8%	2.2%	0.1%	0.2%	1.4%	4.7%	0.6%	0.1%	0.6%	7.9%	18.7%
34 Paper, Publishing	0.2%	0.1%	0.2%	0.2%	0.1%	0.2%	0.5%	0.2%	0.1%	0.1%	1.6%	3.3%
35 Petroleum-based chemicals (2)	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%	0.6%	0.1%	0.0%	0.7%	1.8%	3.5%
36 Non-Metallic Mineral Prod.	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.0%	0.6%	0.4%	0.7%	2.0%
37 Basic Metallurgical Prod.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%
38 Metal Prod., Machines	0.0%	0.1%	0.6%	0.3%	0.4%	0.3%	2.8%	0.5%	0.4%	2.3%	7.0%	14.6%
39 Others	0.0%	0.0%	0.1%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.4%	0.7%	1.5%
3 Total Manufacturing	0.7%	2.8%	8.9%	1.8%	3.5%	6.0%	18.6%	3.9%	3.3%	9.0%	41.5%	100.0%
II- Establishments (1)												
31 Food, Drink, Tobacco	0.2%	1.5%	3.7%	0.7%	2.3%	2.4%	5.0%	1.2%	1.7%	3.2%	7.1%	29.1%
32 Textiles, Garment, Leather	0.1%	0.2%	1.9%	0.4%	0.4%	1.2%	4.3%	1.2%	0.7%	1.3%	13.0%	24.9%
33 Wood, Furniture	0.2%	0.7%	2.2%	0.1%	0.2%	1.2%	5.0%	0.6%	0.1%	0.7%	7.7%	18.7%
34 Paper, Publishing	0.2%	0.1%	0.2%	0.2%	0.1%	0.2%	0.6%	0.2%	0.1%	0.1%	1.7%	3.6%
35 Petroleum-based chemicals (1)	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.7%	0.1%	0.0%	0.9%	2.2%	4.2%
36 Non-Metallic Mineral Prod.	0.0%	0.2%	0.1%	0.0%	0.1%	0.1%	0.2%	0.0%	0.6%	0.7%	0.5%	2.5%
37 Basic Metallurgical Prod.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%
38 Metal Prod., Machines	0.1%	0.2%	0.8%	0.3%	0.4%	0.3%	3.1%	0.5%	0.3%	2.4%	6.9%	15.4%
39 Others	0.0%	0.0%	0.1%	0.2%	0.0%	0.0%	0.2%	0.0%	0.0%	0.3%	0.7%	1.4%
3 Total Manufacturing	0.8%	3.1%	9.2%	2.0%	3.6%	5.5%	18.9%	3.9%	3.6%	9.6%	40.0%	100.0%

Notes: (1) Enterprises is equivalent to companies and establishments to plants.

(2) Includes oil derivatives, rubber products and plastics

Source: Relacao Nominal 1989: Estrutura Empresarial

Sintese de Resultados (Preliminares)

Ministerio do Trabalho, Departamento de Estatisticas Sociais

May 1991

Mozambique: Legal Status of Industrial Enterprises, March 1989

A- Firms by Legal Status	State		Intervened					Total
	Owned	Private	Coop.	(3)	Mixed	Others	Unknown	
31 Food, Drink, Tobacco	14	285	-	9	-	-	7	315
32 Textiles, Garment, Leather	14	253	5	8	3	-	6	289
33 Wood, Furniture	10	178	3	6	1	-	4	202
34 Paper, Publishing	2	19	-	11	2	-	2	36
35 Petroleum-based chemicals (2)	6	25	1	5	1	-	-	38
36 Non-Metallic Mineral Prod.	5	16	-	1	-	-	-	22
37 Basic Metallurgical Prod.	-	3	-	-	-	-	-	3
38 Metal Prod., Machines	10	119	2	14	5	-	7	157
39 Others	-	9	2	3	1	-	1	16
3 Total Manufacturing	61	907	13	57	13	0	27	1078
B- Percentage of General Total								
31 Food, Drink, Tobacco	1.3%	26.4%	0.0%	0.8%	0.0%	0.0%	0.6%	29.2%
32 Textiles, Garment, Leather	1.3%	23.5%	0.5%	0.7%	0.3%	0.0%	0.6%	26.8%
33 Wood, Furniture	0.9%	16.5%	0.3%	0.6%	0.1%	0.0%	0.4%	18.7%
34 Paper, Publishing	0.2%	1.8%	0.0%	1.0%	0.2%	0.0%	0.2%	3.3%
35 Petroleum-based chemicals (2)	0.6%	2.3%	0.1%	0.5%	0.1%	0.0%	0.0%	3.5%
36 Non-Metallic Mineral Prod.	0.5%	1.5%	0.0%	0.1%	0.0%	0.0%	0.0%	2.0%
37 Basic Metallurgical Prod.	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
38 Metal Prod., Machines	0.9%	11.0%	0.2%	1.3%	0.5%	0.0%	0.6%	14.6%
39 Others	0.0%	0.8%	0.2%	0.3%	0.1%	0.0%	0.1%	1.5%
3 Total Manufacturing	5.7%	84.1%	1.2%	5.3%	1.2%	0.0%	2.5%	100.0%

Notes:

(2) Includes oil derivatives, rubber products and plastics

(3) Indicates a firm whose operations have fallen under the direct control of the state without state participation in the capital

Source: Relacao Nominal 1989: Estrutura Empresarial

Sintese de Resultados (Preliminares)

Ministerio do Trabalho, Departamento de Estatisticas Sociais

May 1991

Mozambique: Illustration of Inconsistencies
in National Accounting Data

	CNP Data-----		
	Structure 1980	Growth 80-81	Contribution to GDP Growth
Agriculture	55.4%	1.0%	0.554%
Industry	23.5%	3.1%	0.729%
Construction	4.9%	-2.1%	-0.103%
Transport	6.9%	11.1%	0.766%
Commerce	9.3%	-1.7%	-0.158%
GDP	100.0%	2.4%	1.787%
Unaccounted Growth			0.61%

	CNP Data-----		
	Structure 1989	Growth 88-89	Contribution to GDP Growth
Agriculture	56.6%	2.6%	1.472%
Industry	13.3%	7.0%	0.931%
Construction	7.9%	0.0%	0.000%
Transport	4.4%	4.2%	0.185%
Commerce	17.8%	3.5%	0.623%
GDP	100.0%	3.8%	3.210%
Unaccounted Growth			0.59%

LIST OF PERSONS INTERVIEWED**UNDP**

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 Mr. Pablo-Jose Mandeville Assistant Resident Representative
 Ms. Joana Merlin-Scholtes Assistant Resident Representative
 Ms. Stella Pinto Program Assistant
 Ms. Arlete G. Patel National Economist

UNIDO

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 Ms. Monica Groenvall Junior Program Officer
 Mr. Rafique Cassamo Project DP/MOZ/91/005
 "Promotion and Development of SMI in Nampula"
 Mr. Paulo R. Hamester CTA, Project DP/MOZ/86/014
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Mr. Ernest Hilmer Program Officer

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COMPOSITION AND DATES OF THE MISSION

Alain S. THÉRY, Economist
Carlos A. GARCIA, Consultant in Management

20 July - 7 August 1992