

# German Aid for Trade: Past Experience, Lessons Learnt and the Way Forward

Country Case Study Mozambique

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Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn / Germany  
T +49 61 96 79-0  
F +49 61 96 79-11 15  
E [trade@gtz.de](mailto:trade@gtz.de)  
I [www.gtz.de/trade](http://www.gtz.de/trade)

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# **German Aid for Trade: Past Experience, Lessons Learnt, and the Way Forward**

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Nial Condon and Matthew Stern



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## Abbreviations and Acronyms

AfT	Aid for Trade
AGOA	African Growth and Opportunity Act
CTA	Confederation of Trade Associations
DGA	National Directorate for Customs
DNI	National Directorate for Industry
DRI	National Directorate for International Relations
DTIS	Diagnostic Trade Integration Study
EBA	Everything But Arms
EC	European Commission
EPA	Economic Partnership Agreement
EU	European Union
FOB	Free on Board
GASP	Private Sector Support Office
GDP	Gross Domestic Product
IF	Integrated Framework
IMF	International Monetary Fund
INE	National Statistics Institute
INNOQ	National Standards and Norms Institute
IPEX	Export Promotion Institute
ITC	International Trade Centre
LDC	Least Developed Country
MIC	Ministry of Industry and Trade
PARPA	Poverty Reduction Plan
PEI	National Industrial Policy
SADC	Southern African Development Community
SABS	South Africa Bureau of Standards
SBS	Standards and Phytosanitary Standards
SDC	Swiss Development Cooperation
SME	Small Medium Size Enterprise
TBT	Technical Barriers to Trade
TIP	Trade Investment Project
TTRI	Tariff Restrictiveness Index
UNCTAD	United Nations Commission for Trade and Development
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Program
USAID	United Nations Agency for International Development
UTTPROM	National Unit for the Promotion of National Products
WB	World Bank

## Foreword

This case study has been commissioned by the Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation, GTZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). It has been carried out within the context of a broader research project on Germany's Aid for Trade approach commissioned by BMZ and carried out by the German Development Institute (GDI). In addition to this case study on Aid for Trade in Mozambique, two other case studies (ECOWAS, Ghana) have been carried out within the framework of the GDI research project.

## Executive Summary

Building the capacity of developing countries to trade is recognised as a crucial factor in stimulating economic growth and reducing poverty levels in these countries. The concept of Aid for Trade (AfT) has consequently received substantial attention over the past number of years in most donor and recipient countries, including Mozambique.

Mozambique has a long way to go in terms of realizing its trade potential. Despite a strong export growth performance over the last decade, the country has failed to diversify its exports significantly, remaining heavily reliant on the export of aluminium, and it has benefited little from the new export opportunities in the SADC free trade region as well as in the EU and US markets. Clearly more needs to be done, both domestically and in foreign markets, to integrate Mozambique more fully into the international trading system.

Donors are actively involved in an array of projects designed to assist Mozambique in achieving its trade potential; and Mozambique has been part of the Integrated Framework (IF) process since 2004. These projects have had mixed results. The success of a project seems to hinge on the quality of the relationship between the donor and the recipient, the knowledge and experience of the donor (particularly of the local setting), as well as the willingness and capacity of the recipient to take ownership of the project and drive it forward.

Germany's AfT activities in Mozambique are focused on strengthening the capacities of SMEs. The GTZ-funded SME support program has been active since 2005 and will continue until the end of 2011. It seems to be one of few real AfT success stories in Mozambique. GTZ's strengths lie in its extensive country level and sector specific (SME) experience, its strong presence and relations in the MIC (Ministry of Industry and Trade), as well as the approach and attitude of the local office.





# 1 The National Framework

## 1.1 Economic and trade trends

After impressive growth over the past 5 years, averaging around 7.6%, the Mozambique economy is expected to grow at a slower rate this year as a direct consequence of the global financial crisis<sup>1</sup>. In February this year, the IMF revised Mozambique's 2009 real GDP growth forecast downwards from 7% down to 6.2%. Further downward revisions can be expected as the deeper repercussions of the world slowdown in demand become more evident.

Strong export performance has contributed to Mozambique's recent economic growth. IMF data suggest that exports have risen from approximately 13% of GDP in 1998 to over 40% in 2008. Imports show a similar trend, rising from 25% in 1996 to an approximately 50% in 2008. This increase in both imports and exports is largely a reflection of the trade and investment reforms undertaken by Mozambique over the past 15 years. New and foreign investment was encouraged and barriers to trade were reduced.

Mozambique is ranked 65<sup>th</sup> out of 125 countries in terms of the World Bank's Tariff Restrictiveness Index<sup>2</sup> (TRTI). Only Mauritius ranks higher (with a marginally less restrictive trade regime) than Mozambique in the Sub-Saharan Africa region. In 2008 the simple average MFN tariff was just over 10%, compared to 13.8% in 2002<sup>3</sup>. Agriculture remains the most heavily protected sector (average tariff of 12.4%), followed by manufacturing (10%) and mining (3.7%). The tariff structure exhibits a pattern of escalation which taxes the importation of inputs heavily, adds to production costs and tends to discourage investment in processing industries. There is a substantial gap between applied tariffs and bound MFN rates. In total, just 14.2% of Mozambique's tariff lines are bound at current levels.

The SADC free trade protocol established the SADC free trade area in January 2009. As a full signatory of the protocol Mozambique has reduced 92.6% of its tariff lines with other SADC members, including South Africa, to zero<sup>4</sup>. And the country enjoys duty-free access into the South African market across almost all product lines. As a least developed country, Mozambique qualifies for Everything But Arms (EBA) access to the EU market and AGOA privileges in the USA. Mozambique has also signed a provisional or interim (goods only) EPA (Economic Partnership Agreement), in effect liberalizing 85% of trade between Mozambique and EU.

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<sup>1</sup> Republic of Mozambique: IMF Country Report No.09/49, February 2009.

<sup>2</sup> A weighted index which summarizes the impact of each country's non-discriminatory trade policies on its aggregate imports.

<sup>3</sup> Note that these figures exclude surtaxes on sugar, cement and steel products

<sup>4</sup> The tariff reduction schedules of each SADC free trade area member provides for three main categories of products: category A (capital goods) to be liberalized from the first year of becoming a member (i.e. 2000), category B (revenue sensitive products) to be liberalized by 2008 and category C (sensitive products) to be liberalized by 2012.

Table 1 Tariff and trade policy

2006 – 2008 (latest)	Mozambique	Sub-Saharan Africa
TTRI	<b>5.70</b>	<b>11.42</b>
MFN applied tariff - Simple Average (%)	<b>10.33</b>	<b>12.62</b>
MFN applied tariff - Weighted Average (%)	<b>7.36</b>	<b>11.85</b>
Share of tariff lines with MFN = 0 (% of total)	<b>2.19</b>	<b>16.52</b>
Share of tariff lines with MFN > 15% (% of total)	<b>34.95</b>	<b>35.82</b>
World Bank, World Trade Indicators, 2008		

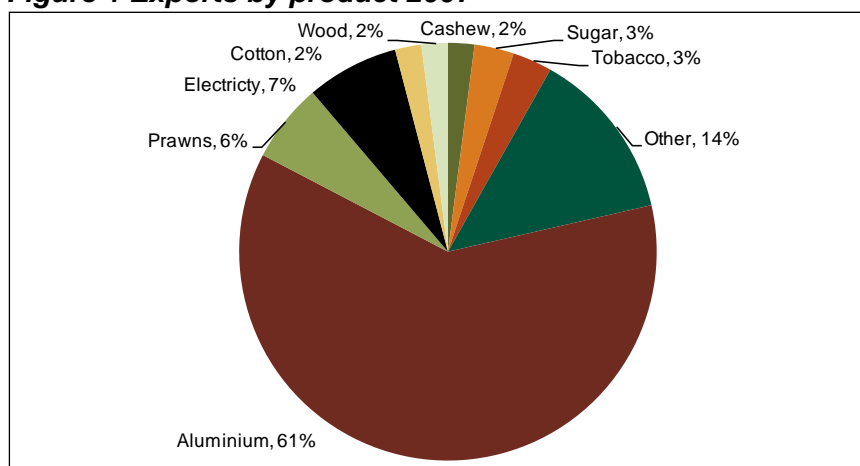
Mozambique's exports for 2008 were estimated \$3.3 billion fob, whilst imports for the same period were estimated at \$ 2.1 billion fob. Exports are dominated by Aluminium from the Mozal Aluminium smelter in Maputo. The trade deficit widened to 8.6% of GDP in 2008, from 7.8% in 2007, due primarily to a sharp fall in the price of aluminium in international markets as well as electricity shortages which affected production. In terms of the outlook for 2009, real export growth is expected to decrease to 6.7%, from 7.4% in 2008, due to weakening demand for aluminium and titanium<sup>5</sup>.

Agricultural production and exports make a significant contribution to livelihoods in rural areas, with cashew nuts, sugar, cotton and tobacco particularly important. Cashew nuts are harvested by an estimated 200,000 farmers, with the processing sector employing about 5,000 people, mainly women. Mozambique exported 90,000 tonnes of sugar in 2007, primarily under preferential access agreements to the EU and US markets, earning USD\$46m. The sugar industry employs, on a permanent and seasonal basis, an estimated 25,000 people. Cotton seed is the primary cash crop for an estimated 350,000 farmers in Mozambique's northern and central provinces. And about 120 000 smallholder growers are involved in outgrowing contracts with tobacco companies.

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<sup>5</sup> Mozambique started exporting titanium in the second half of 2008.

**Figure 1 Exports by product 2007**



Source: INE

## 1.2 Trade (and investment) in services

The services sector account for about half of Mozambique's GDP, 10% of total employment, and around 13% of total exports (DNA 2009). Like most other developing countries, the largest export sectors are the travel and transport industries, and the tourism industry has been identified as a priority area for future development and growth. Tourism exports have grown strongly over the last decade, from a low base, to reach US\$157 million in 2007 (DINATUR 2007). There is also a strong presence of foreign hotel operators in the Mozambique. But the high cost of land for investment purposes and high airfare costs into Mozambique reportedly constrain the growth of the local industry.

Other major service sectors are less competitive and efficient. According to the World Economic Forum, around 75% of firms in Mozambique identified access to finance (availability and cost) as a severe constraint. Telecommunications costs in Mozambique are not particularly high, relative to other countries in the region, but access is very low. Just 73 people in every 1000 have a mobile phone and 9 in every 1000 have access to the internet (compared to 126 and 26, respectively, in Lesotho). "Mozambique's strategic geographic location makes it a natural regional transport and service hub connecting several countries in Southern Africa" (ICTSD 2007, pg. 25). But Mozambique's infrastructure services are regularly rated as poor in the various doing business surveys of the World Bank and WEF.

There have been substantial reforms in all of these areas over the last decade and the role of the state has declined. Foreign investment and competition in all service sectors has subsequently increased. But further efforts are required to raise competition, improve efficiencies and reduce costs in key infrastructure services.

## 1.3 Institutional Landscape

The Ministry of Industry and Trade (MIC) formulates and implements the national industrial and trade policy. The Ministry is divided into a number of Directorates and Institutes each covering different aspects of the policy process. The Institutes are located physically outside the Ministry but operate under its jurisdiction. The main Directorates and Institutes are described below.

The National Directorate for Industry (DNI) formulates industrial policy, issues industrial licenses, performs inspections required under trade agreements (particularly in the verifying rules of origin), undertakes industry related research, and collates statistics on industrial production. The private sector support office (GASP)<sup>6</sup> coordinates dialogue between the government and the private sector and works to improve the business operating environment.

<sup>6</sup> Gabinete de Apoio ao Sector Privado (GASP)

The Directorate for International Relations (DRI) formulates and negotiates national trade policy. DRI has overseen the implementation of the SADC Trade protocol and the negotiation of the EPA with the EU in recent years as well as the signature of bilateral agreements with Malawi in 2005 and with Zimbabwe in 2004. DRI's technical limitations constrain its capacity to participate fully and meaningfully in regional and multilateral negotiations, and it remains heavily dependant on external consultants for assistance and guidance.

UTTPROM is a new unit within MIC, created in 2007. It aims to promote Mozambican products and services through the award of a quality seal or brand, *Made in Mozambique*, to national companies. The concept is similar to the *Buy American* or *Proudly South African* labels.

The export promotion agency (IPEX) promotes national exports by identifying markets for Mozambican products, distributing information on these markets, as well as promoting export oriented production. IPEX's main activity is organising missions to trade fairs for Mozambican export firms: 35% of its annual budget is dedicated to this activity. The results of these missions would appear to be poor though, due to the simple fact that the number of export ready companies for which trade shows are useful is very small in Mozambique.

The National Standards and Quality Agency (INNOQ) is also under the jurisdiction of MIC and acts as the central body responsible for defining and implementing quality policy, and for coordinating all standardization and quality assurance activities at national level. To date INNOQ has issued 72 standards. This should increase in the coming years with new donor supported programs to upgrade the institution. In general the services provided by INNOQ are limited, with the national system of standardisation, quality assurance, accreditation and metrology remaining rudimentary. INNOQ still has not received approval to accredit its metrology laboratories due to poor equipment and premises, with the result that when product certification is required it must be done by SABS (the South African Bureau of Standards).

Mozambique's industrial property regime is administered by IPI, the Industrial Property Institute. Mozambique has been a member of the World Intellectual Property Organisation since 1996, and has been a member of African Regional Intellectual Property Organisation since 2000. Mozambique's law on industrial property rights was updated in 2006, and covers patents, industrial designs, marks, trade names and logos.

Looking outside of MIC, INE (National Statistics Institute) is an independent agency which collects, assembles and distributes national statistics, including trade data. DGA, the National Directorate for Customs, operates under the Ministry of Finance, and is responsible for the administration of Mozambique's borders and the collection of customs duties, excise duties and Value Added Tax. Customs and border procedures are cumbersome and complex. Most border posts still cannot be linked to a computer network due to the lack of telecommunications and electricity infrastructure. Local companies also complain about long and costly delays in VAT refunds.

## **1.4 Trade Potential and Challenges**

The most obvious opportunities for trade expansion lie in Mozambique's existing areas of revealed comparative advantage. Here, Mozambique has the potential to increase exports across a wide variety of traditional agricultural products, in particular sugar, cotton, cashew nuts and tobacco, as well as new ones such as bio-fuels, fruits, vegetables and forestry. Building on these exports, there is some potential for added in country processing and transformation to increase the export value of these products. Assisting local SMEs to exploit this potential is a major objective of the government.

The second most important opportunity for export growth arises from the various preferential trade agreements Mozambique has signed, many of which give substantial advantages to LDCs. Mozambique has duty free access to the US under AGOA as well as duty free access to EU under EBA (Everything but Arms). Mozambique has yet to take full advantage of the opportunities offered by these agreements, exporting an increasing quantity of sugar under EBA but virtually nothing else.

Mozambique takes regional integration very seriously and is a committed member of the SADC free trade area), which came into full effect in January 2008 (it is one of the few countries in the region which is not a member of overlapping regional integration initiatives). The regional market, in particular South Africa, is seen as a way to stimulate domestic production and to facilitate entry into global markets. Mozambique has also taken a strategic position with respect to its landlocked neighbours. Spatial development initiatives such as the Maputo development corridor have greatly benefited the country by facilitating increases in traffic volumes. Similar corridors in Beira and Nacala are being developed. Mozambique is also a major exporter of energy to the region, notably electricity and natural gas.

The main constraint to trade is therefore unlikely to be found in foreign markets; but at home. This is well-recognised in Government and the Diagnostic Trade Integration Study (DTIS) outlines a number of key factors which need to be addressed to realize this trade potential, including the following;

- general improvements in the business operating environment, in particular reducing bureaucracy
- adopting more liberal trade and investment policies
- upgrading of infrastructure, including roads, railways and ports
- training of the labour force
- strengthening the capacities of government Ministries and technical support institutions (IPEX, INNOQ)
- strengthening SMEs

Improving the availability and efficiency of key services, such as telecommunications, finance and transport, is critical for the growth and development of all sectors. New (and largely foreign) competition has been recorded in all of these areas and this has been supported by regulatory reform. Yet costs and barriers remain relatively high. Further efforts are required to attract new investment and improve service delivery.

## **1.5 National Development Strategies and Trade**

In Mozambique, trade issues are integrated into national policy through a number of key documents, specifically the PARPA II (Poverty Reduction Plan), the National Industrial Policy 2007-2011, and the National SME Development Policy.

The PARPA II, the government's revised poverty reduction strategy paper covering the period 2006 to 2009, gives more emphasis to trade related concerns or issues than the first PARPA, including many of the recommendations of the DTIS, such as:

- Improved roads, energy and transportation infrastructure
- Continued integration of the economy into regional and international markets
- Sectoral strategies for industries with optimal export potential (oil seeds, tropical fruits)
- Building skills and competencies of the institutions involved in international trade
- Improved export promotion
- Improved statistical information
- Creation of an institutional framework and business environment favourable to investment
- Customs reform to facilitate trade

The latest National Industrial Policy (PEI) paper covers the period 2006-2011 and aims at the continued rehabilitation and upgrading of the industrial sector, identifying deeper integration into regional and global markets as being crucial in this respect. The policy identifies the opportunities offered by the SADC Trade Protocol and various preferential trade agreements (EBA, AGOA) as providing a great stimulus to the development of an export orientated industrial sector. The PEI emphasizes the:

- Strengthening of linkages with regional and global economy, for example increased participation in regional and global value chains
- Diversification of industrial exports

- Sectoral strategies: packaging sector, textiles and clothing sector, agro processing, tourism
- Improved business environment, in particular reduction of bureaucratic procedures
- Improved export promotion, for example creation of Made in Mozambique quality seal
- Revision of tariffs to stimulate trade
- Improved quality and standards testing capabilities (INNOQ)
- More effective use of the intellectual property system

Mozambique has noted the crucial role that strong dynamic small and medium size enterprises can play in economic growth and poverty reduction. In recognition of this, a National SME strategy was completed and approved in 2007, focusing on building the productive capacities of Mozambican SMEs. The policy identifies potential for Mozambican SMEs in regional markets (particularly in South Africa) and emphasises better institutional support (primarily through the creation of a new SME Institute) and improvements to the domestic operating environment as being critical in taking advantage of these opportunities.

Although these policies emphasise the importance of trade in economic development and poverty reduction, in reality progress has been slow in improving Mozambique's trade capacity, leading one to question the political will and commitment to the reform process. For instance, the business environment seems to have deteriorated over the past number of years. Mozambique's ranking in the World Bank's Doing Business survey dropped one place from 140 in 2007 to 141 in 2009, whilst during the same period, for example, the rankings of Botswana (48 to 38), Tanzania (142 to 127) and Mauritius (32 to 24) all improved. The Global Competitiveness Report exhibits a similar trend, with Mozambique's ranking dropping from 112 in 2005/06 to 128 in 2007/08.

The signing of an interim Economic Partnership Agreement in June 2009 further illustrates the lack of integration between trade and other development policies. There does not seem to be wide dialogue between MIC and other Ministries on the role of the EPA and negotiations appear to have been dominated by Mozambique's perceived trade interests. The private sector and donors claim that the process has been intransparent and the development benefits to Mozambique are not yet clear.

## 1.6 Donor response and coordination

The Integrated Framework (IF) is the principal instrument through which donor responses or interventions are coordinated. Mozambique's IF was officially launched in September 2004 when the completed DTIS was presented at a national validation workshop. The main partners involved in the Integrated Framework are USAID, World Bank, EC, UNIDO, SDC/SECO, Canada and the ITC.

Another mechanism through which donors coordinate their activities or interventions is the Private Sector Working Group which was established in October 2005. The group meets on a monthly basis and bi annually with the Minister of Industry and Trade. The working group is essentially a forum for dialogue among donors, government, private sector and civil society in which private sector related issues are analysed and discussed; and where recommendations are made to improve the efficiency of the operating environment for the private sector in Mozambique. Within this working group, there is a trade sub committee, whose objective is to *contribute to poverty alleviation in Mozambique by integrating trade into national development policies, harmonizing and coordinating trade related donor interventions, and enhancing broad based economic growth by seizing the opportunities of trade*<sup>7</sup>. The sub committee consists of donors currently participating in the IF, however any institution involved in trade related activities in Mozambique is permitted to participate in the sub committee.

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<sup>7</sup> Trade sub-committee Terms of Reference

## 2 Characteristics of AfT Activities in Mozambique

A number of agencies are involved in trade activities in Mozambique. Table 2 gives an indication of coverage of AfT support in Mozambique, by the main donors in this area. USAID is the most active donor and is active across most of the 5 core categories of AfT. They have been heavily involved in the Integrated Framework process, creating the DTIS, and are one of the driving forces behind the private sector working group. The primary activities of USAID and other key AfT donors are summarised below.

**Table 2 Donor AfT activities in Mozambique**

1. Trade Policy & Regulation	2. Trade Development	3. Trade Related Infrastructure	4. Building Productive Capacity	5. Trade Related Adjustment
USAID	USAID	WB	SDC/SECO	USAID
EC	UNIDO	UNIDO	GTZ	EC
ODI	ITC	UNCTAD	WB	
	KFW		ITC	

### 2.1 USAID Trade and Investment Mozambique Program – TIPMoz Program

USAID’s trade facilitation activities are implemented through its TIPMoz program, a 5 year program running from 2005 to the end of 2010, with a budget of USD\$25m. The objectives of this program are to improve the business operating environment, increase market access for Mozambican products, build the capacity of public institutions involved in industry and trade, and increase exports in specific sectors, such as tourism, garments and horticulture. These objectives are closely aligned with the trade related constraints as outlined in the PARPA and the DTIS. Specific interventions under this program include the following;

- The provision of technical assistance and training to Confederation of Mozambican Business Associations (CTA), Mozambique’s premier private sector association. USAID provides technical assistance to CTA to strengthen their ability to prepare policy position papers on economic issues, to interpret and critically analyze government policies, and to represent and lobby effectively on behalf of the private sector.
- The provision of technical assistance to MIC, specifically assisting DRI in the formulation of trade policy as well as assistance on trade negotiations, for example the ongoing EPA (Economic Partnership Agreement) negotiations with the EC. The program has also provided assistance to GASP in the formulation of its business environment enhancement strategy and to DNI in the formulation of its textiles and clothing sector strategy. USAID’s permanent representative in MIC coordinates these interventions.

### 2.2 European Commission (EC)

The EC’s ongoing trade facilitation project in Mozambique is their Business Environment Support and Trade Facilitation project (BESTF), described in detail below. Prior to this program the EC had a full time technical assistant working in MIC to assist them in the negotiation of the SADC Free Trade Agreement and Economic Partnership Agreement (EPA) negotiations. This assistance lasted from mid 2007 to mid 2008.



## 2.2.1 Business Environment Support and Trade Facilitation Project (BESTF)

The EC are providing \$10.4m of funds for this project, which is being implemented principally by UNIDO, and began in January 2009. The objective of the project is to improve the business environment in Mozambique so that domestic producers can take advantage of the opportunities provided by trade liberalization. The project has three focus areas or clusters of intervention:

- *Quality*; the objective here is to build the capacity of INNOQ in providing quality services in the area of metrology, standardization and certification. This is the largest component of the project, taking up about 80% of the overall budget.
- *Information and Advisory services for trade*; this aspect of the project will provide technical assistance and training to improve the quality of the services provided by the Export Promotion Agency (IPEX). ITC is implementing this aspect of the project.
- *Trade Facilitation*; the goal here is to improve customs procedures by reducing the time and costs involved in import and export procedures. Two specific needs have been identified, namely the introduction of an electronic payments system for users of customs services, and the implementation of a *Single Window* system to simplify the clearing process of foreign trade transactions. UNCTAD is the implementing agency, with Customs being the main beneficiary in this case.

The EC identified these areas of intervention through examination of the weaknesses in the Mozambican business environment identified in the DTIS and World Bank Doing Business Report 2007.

## 2.3 Switzerland: Swiss Development Cooperation (SDC) & SECO

SDC's cooperation strategy for the period 2007-2011 identifies its priority intervention areas in Mozambique. In the area of economic development, SDC prioritises private sector development and trade facilitation. As a member of the Integrated Framework and Private Sector working group, SDC's private sector and trade facilitation programs are coordinated and implemented through these mechanisms. Its two trade-related activities are summarised below.

### 2.3.1 Technoserve<sup>8</sup>Quality Management Systems Program

This SDC financed project being implemented by Technoserve. The objective is to improve the capacity of exporters to adopt and have certified quality, hygiene, worker safety, and factory related environmental standards. The project focuses on cashew, fruit and vegetable producers.

### 2.3.2 Enhancing Quality Assurance System for Trade and Food Safety

This 3 year project ran from March 2006 to March 2009. SECO provided USD\$2.3m in funding and the project was implemented in partnership with UNIDO. The objective of the project was to improve the ability of INNOQ, the national standards institute, to test and certify four products with strong export potential: fruits and vegetables, cashew nuts, oils and honey. Laboratory equipment and training were provided to INNOQ and Ministry of Health officials, but to date, none of the above-mentioned producers are making use of this service.

SDC are currently in the process of reassessing their private sector support strategy in Mozambique. Although they are likely to continue their support in this area, their focus is likely to shift away from the public sector in order to work more closely with producers.

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<sup>8</sup> Technoserve are an American NGO who worked with small agro-processors in Mozambique, particularly cashew nut producers.

## **2.4 World Bank**

Achieving sustainable and broad-based growth through enabling private investment and strengthening economic growth potential is one of the key pillars of The World Bank's Country Partnership Strategy for 2007-2011. In pursuance of this objective the World Bank has recently initiated a new private sector project.

### **2.4.1 MZ–Competitiveness and Private Sector Development Project**

The World Bank launched this project in Mozambique in February 2009. The project is budgeted at US\$25 million and is scheduled to run until end-2014. MIC is the principle government counterparty and beneficiary and the principle implementing agency. The objective of this World Bank project is to improve the business environment and enhance enterprise competitiveness in Mozambique by reducing the cost of doing business in the country, building technical capacity at public sector agencies, and by developing region specific interventions in the tourism and horticulture sectors. The project has two components;

- *Improving enterprise competitiveness.* This component aims to enhance the competitiveness of SMEs and promote broad based growth through the promotion of access to business development services, the promoting of the tourism sector in Inhambane Province, and the establishment of a tropical fruits training center in Nampula.
- *Improving the business enabling environment.* Here, the Bank will advance specific reforms based on the GASP business environment strategy, build the capacity of key public agencies that play an important role in improving service provision for exports (INNOQ, IPEX) as well as providing training and technical assistance to local service providers, such as the accounting profession.

The World Bank, through the IDA (International Development Association), is also heavily involved in upgrading trade infrastructure in Mozambique, such as the construction of roads, bridges, railways and ports.

## **2.5 Germany: GTZ and KFW**

GTZ's economic development program in Mozambique has two components: a private sector support program and a financial sector technical assistance program. The private sector program summarised below, aims to increase the competitiveness of national SMEs with a view to taking advantages of export opportunities.

KFW's finance sector program looks to improve access to financial services for SMEs by supporting microfinance institutions and rural financial institutions.

### **2.5.1 SME Program: Improving the legal political and institutional framework conditions (Enabling Environment)**

This project has been running since 2005 and has already distributed USD\$4m, with another USD\$4m to be disbursed before the end of 2011. The overall objective is to improve the operating environment for national SMEs. This is done in a number of ways. For example, GTZ provided technical as well as financial assistance to DNI in the development of their national SME support policy as well as to GASP in the development of their Business Environment Enhancement strategy. GTZ are now assisting MIC in the dissemination and implementation of these policies. GTZ has an office and a full time representative in MIC. Through this program GTZ also supports the development of business associations, in particular CTA's regional branches.

### **2.5.2 FSPAP - Financial Sector Technical Assistance Program**

KFW's program is implemented under the umbrella of multi-donor funded FSTAP project. KFW are implementing component 5 of this program; supporting the strengthening of micro and rural financial institutions and the integration of micro finance institutions into the financial system. Components of KFW's program include the following:

- Support to SOCREMO & AMOMI<sup>9</sup>: KFW support both these institutions through the provision of training grants, advisory services and equipment.
- Credit line for SMEs: KFW's credit line amounts to €6.3m. The credit line is channelled through the Ministry of Finance to Banco Terra, a local commercial bank, who loan to funds out to SMEs. The first disbursement from this credit line was made in January 2009, with €3.6m disbursed as of June 2009. A variety of SMEs have benefited from this credit line, including producers of cashew nuts, soy beans, vegetables, and confectionary.
- Mobile banking project for rural areas which will become operational in late 2009.
- Training program with the department of Supervision and Regulation in the Central Bank. KFW provides the Central Bank with training grants to improve the regulation and supervision of the microfinance sector. KFW have disbursed €1m in training grants since December 2008.

## **2.6 Overseas Development Institute (ODI)**

Through its fellowship scheme ODI provides two technical assistants to MIC, one technical assistant working in DRI, the other in DNI. The ODI fellowship scheme is a two year program and is financed partially by the Mozambican government and DFID. The ODI fellows in MIC work on a variety of trade related issues. For instance the 2006-2008 ODI fellows in MIC assisted with the implementation of the SADC trade protocol, the preparation of Mozambique's EPA offer and the development of national industrial policy.

## **2.7 UN Agencies**

A number of UN agencies are involved in the implementation of AfT projects in Mozambique, namely UNIDO, ITC and UNCTAD.

### **2.7.1 UNCTAD**

UNCTAD is implementing the third component of the EC's BESTF project which aims to improve customs procedures.

UNCTAD is also implementing a 2 year program to support the Mozambican horticulture sector in order to improve its ability to understand and comply with commercial supermarket export standards, such as EUREGAP and organic regulations. Ascertaining the current status of this project was difficult: UNCTAD does not have a local presence in Maputo and so was not available to comment. IPEX the local partner, was not able to advise on the project status.

### **2.7.2 UNIDO**

UNIDO is involved in the implementation of two major AfT projects described above: the EC's BESTF project and SDC's food safety project.

### **2.7.3 International Trade Centre (ITC)**

The ITC is implementing a number of AfT related projects.

#### **2.7.3.1 Packaging for Development**

Through the PACT (Program for Building African capacity for Trade) the ITC has been providing technical assistance to improve the packaging sector in Mozambique. Specific interventions include working with MIC to develop a national packaging strategy. ITC has also been working with small agro- processors providing them with packaging related training and advice.

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<sup>9</sup> SOCREMO is a local micro finance institution and AMOMI – Associação Moçambicana de Operadores de Microfinanças – is the local association for microfinance institutions

### **2.7.3.2 IPEX Technical Capacity Building**

IITC has been working in partnership with UNIDO on this project, as part of their BESTF initiative described in the EC section above. The aim here is to strengthen IPEX in order to enhance the availability, access and quality of information and advisory services for trade.

### 3 Stories of success and failure

Reaching firm conclusions on the relative success or failure of donor projects is never easy or straightforward. Although none of the projects reviewed in this report can be described as outright failures, some have clearly had more impact than others, and there are valuable lessons to be learned from all these initiatives. Also, many of the AfT projects described above are relatively new (such as the World Bank and EU projects), so it is still too early to assess the outcomes of these projects.

The overall purpose of this section is to discuss the experiences of national stakeholder and donors in working on some of the projects outlined in Section 2. This discussion is based on the views of the interviewees and the consultants; the project did not require or allow for a detailed impact assessment of any one project. Thus, rather than focusing on the results, the emphasis here is on which approaches have worked well and which have not been as successful.

#### 3.1 Overview of AfT experiences in Mozambique

In general, donor and government efforts to boost Mozambique's trade performance have had mixed results to date. The overall operating environment for exporters remains very difficult (Mozambique dropped a number of places in the most recent World Bank Doing Business survey) and the country has failed to diversify significantly its exports over the past couple of years, remaining heavily dependant on the export of one or two commodities. This despite Mozambique's natural potential to export an almost unlimited array of agricultural products and the country's preferential access to the markets of Europe, the US and South Africa.

It would seem that the main reasons for Mozambique's disappointing trade performance are domestic barriers and constraints. Working with Government to address these challenges is a major focus of most donor activities, but it is also the greatest obstacle. A recurring theme which emerged in the consultations with donors was the difficulties and frustrations they encountered when dealing with government partners. The types of difficulties donors encountered included;

- poor organizational skills/weak organizational structures
- lack of willingness to take "ownership" of projects<sup>10</sup>
- difficulties in understanding decision making processes within public institutions
- slow pace of work/progress.

It is also important to note that consultations with national institutions revealed similar sentiments about donors, with Ministry officials expressing concern about the way in which some donors plan and coordinate their projects. In many cases this has led to mistrust and poor communication between Government and donors and this, has without doubt, impacted adversely on the delivery of all AfT activities in Mozambique.

##### 3.1.1 USAID TIP program

USAID's TIP project has been involved in a wide range of trade-related activities over a long period of time. It is therefore a good point of introspection. According to USAID, their greatest success has been in providing technical and financial support to the CTA for the last five years, building the capacity of the institution and helping to establish it as an effective pressure group lobbying for government reform. They argue that a number of important reforms have resulted from this project<sup>11</sup>;

- *Reduction in time to register a business*; The number of days required to register a business has been reduced from 153 to 29 between 2003 and 2007. USAID claims to have played an important role by supporting the CTA in lobbying for reform through the production of analytical papers and by assisting them

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<sup>10</sup> Inability or unwillingness of public institutions to take ownership of projects was a theme which came up in almost all consultations with donors.

<sup>11</sup> Whether the roles of USAID/CTA were critical in pushing for these reforms is debatable. In the consultations with USAID the interviewees gave these as examples of the positive impact of the TIP project. A report assessing the impact of the TIP project mentions these as successful impacts of the TIP project.

financially, logistically and technically in the organisation of CTA's annual private sector conference. This conference has become very influential in advocating for improvements in the business environment.

- *Reduced scanner fees*; Scanning fees were introduced to inspect containers in the port of Maputo in early 2006. Initially, the schedule of fees was out of line with international norms for such inspections. A TIP analysis of the impact of the scanning fees and subsequent lobbying by CTA resulted in the government reducing these fees.
- A 40% reduction in the time taken to obtain VAT refunds for private sector operators. USAID again successfully supported CTA in their lobbying campaign.

USAID's capacity building initiatives in Government is another stated success of the TIP program. USAID provided a full time technical assistant to DRI to work on the negotiation of the SADC Trade Protocol and the EPA with the EU. USAID also financed studies and workshops on these agreements. Quantifying or assessing the success of these interventions is difficult. Mozambique did participate fully in these negotiations, signing an interim EPA agreement with the EU and becoming a member of the SADC free trade region. However, the impact of the SADC trade protocol has been very limited to date in terms of stimulating Mozambican exports to the SADC region; and Mozambique participation in EPA negotiations remains limited.

### **3.1.2 GTZ**

GTZ's SME enabling environment program has also had some notable success. They have assisted MIC in the development of their SME support strategy, and importantly are continuing to support the implementation of this policy. For example, an important recommendation of the SME policy is the establishment of a new SME support institution. A full feasibility study for this institution was produced by MIC with technical assistance from GTZ. GTZ has also financed overseas SME related training trips for MIC officials.

Consultations with national stakeholders, in particular MIC, revealed a positive assessment of the impact of GTZ activities. One MIC official in particular commented on the close symbiotic working relationship which has developed between MIC and GTZ in which the aims and objective of each are very closely aligned. GTZ's good working relationship with MIC can primarily be attributed to them having a permanent representative in the Ministry, interacting daily with MIC officials. This has given GTZ a very good understanding of the institution which is crucial when designing and implementing projects.

### **3.1.3 IF Process**

It is generally acknowledged that the Integrated Framework process has not worked well in Mozambique. A limited number of projects have been completed under the IF to date; however information on these projects was not available. Consultations with various stakeholders involved in the process revealed general confusion as to the roles and responsibilities of each IF actor. This confusion has been attributed to poor management by the IF focal point, MIC, with one donor indicating a desire to disengage from the IF process. Disagreements between MIC and the UNDP have also obstructed the IF process, resulting in long delays in the release of funds by the UNDP and subsequent delays in the implementation of some projects.

A new National Implementation Arrangement is now being developed to improve the IF, in which the responsibility of each actor is clearly defined, and importantly, MIC will receive external technical assistance to help manage the IF process. The exact nature of this technical assistance has yet to be finalised.

### **3.1.4 UNIDO/SDC Food Safety & Standards Project**

The UNIDO/SDC food safety and certification project has failed to meet its stated objective and has little or no impact on facilitating industrial development and food exports. Reasons highlighted for this failure include the objectives being overambitious: project planning was inadequate; there was inadequate stakeholder / needs analysis; and the project did not take into account, or show awareness of, the

Mozambique context. Also, ownership of the project was weak, with only limited involvement of local partners in final decisions, and there was general confusion over the roles and responsibilities of the project partners.

UNIDO have learned from the weaknesses of this project and have consequently restructured their organization to deliver better service in the future. In particular they have appointed a new chief operating officer, a Mozambican national, who will act as a communication bridge between UNIDO and government partners.

### **3.1.5 ITC Packaging**

The ITC's 3-year packaging initiative with MIC has had a limited impact to date. After completing an initial diagnostic of the sector as well as conducting a number of packaging related seminars, the ITC completed a report outlining a plan to develop the sector. But little seems to have happened in terms of implementing the recommendations of this report. MIC officials were unable to advise on the status of the project; they claim to have received no contact or updates from the ITC on the project this past year.

### **3.1.6 ODI Fellowship Scheme**

The ODI fellowship scheme's partnership with MIC has worked well and the fact that MIC have continued to request ODI fellows for the past 10 years is testament to this. Features of the scheme which have made it a success include the following;

- The ODI fellowship is a two year program. This gives the fellow enough time adapt to and understand the nature of the working environment as well as the problems and challenges facing the Ministry
- The terms of reference for the ODI fellow are the responsibility of MIC and the fellows are integrated into and report within MIC structures.
- After the fellow has completed their two years, a replacement is sent by ODI. There is usually a one to two month handover period from one fellow to the next allowing the new fellow to adapt quickly and ensuring continuity in the work.

## **3.2 Criteria for Success/Failure – the story according to the donors**

The consultations revealed a number of crucial factors which determine whether a project will be a success or not. In terms of the criteria outlined in the terms of reference, the following are of particular relevance for AfT interventions:

- *Donors presence in the field*  
It is of crucial importance that the donor has a strong local presence or office in the field. Projects that were successful, such as the USAID and GTZ initiatives, rested heavily on the placement of project managers within the offices of the recipient. This not only helps the donor to obtain a strong understanding of local needs and structures; but it forces regular contact between the project partners both in and outside of formal channels. It also enables the donor to provide additional and ad hoc support to the recipient and to therefore develop a deeper (and not a project dependent) relationship.
- *Experience in the country*  
Experience and knowledge of the country context is particularly important in Mozambique, especially when designing new projects and activities. Donors commented on the importance of recognizing and understanding the capacity constraints of public institutions, and the relationship between different institutions, agencies and even individuals. Such an understanding can only come with inside-knowledge or experience within the country. One donor attributed the failure of a particular project to a “mismatch between the project and the absorptive capacity of the institution”. What may have been a theoretically sound project, failed because the donor overestimated the capacity (or the political desire) of the national institution to successfully implement it.
- *Trust and confidence of partner governments*

Building and maintaining good relationships with partners in the government is essential to the successful implementation of projects, and very important in terms of encouraging local ownership, involvement and sustainability. Many projects fail because of ineffective communication between the donor and the government partner; or because the donor lacks the relations and / or patience to work with local stakeholders in making the project work. GTZ, for example, have built up a good relationship with MIC by having a full time officer embedded in the Ministry and interacting on a daily basis with Ministry officials.

It is also important to recognise that Government departments and agencies in Mozambique (and most other LDCs) are person dependent. Formal structures and communication are often less important than inter-personal relations. This requires that donors place the right kind of individuals into such environments; and that they look to establish close working relations with key technical officials, who are often not the most senior people in the organisation. For example one donor mentioned that they are reviewing the manner in which they recruit technical advisers for projects. Looking forward they will be considering aptitudes beyond merely technical competencies (e.g. inter-personal skills, linguistic abilities, and cross cultural skills).

- *Technical expertise and specialization of the donor*

The donor's technical and specialist knowledge of the area (in this case trade) is obviously important to ensure that projects and activities are designed and executed effectively. And the donor's representative in the country or project must be able to engage on technical issues; and be willing to get their hands dirty. Local counterparts are unlikely to have the time and experience to prepare terms of reference, write briefings and reports and provide regular feedback and comments on work done; and so a disproportionate responsibility for the implementation of the project falls on the project manager. Country specific knowledge and expertise is also very important, including knowledge of Portuguese.

- *Volume of aid at country or sector level*

The volume of resources committed by the donor is important (hence USAID's obviously key role in Mozambique in this area); however, of far greater importance, is how effectively these resources are used. Well-placed individuals can do much more than major research studies. What is perhaps disconcerting in terms of support to trade activities in Mozambique, is the high degree of overlap (for example the support, by at least 3 donors, to the EPA negotiations) and the lack of coordination (near collapse of the IF process). There would seem to be a real risk that certain trade activities in Mozambique are over-funded whilst others receive little or no support. Better targeting and improved coordination between the donors and their partners is essential to make sure that more resources are not wasted on unwanted or badly-designed activities.

- *Long term predictability*

In Mozambique, where government capacity is stretched and planning takes time and effort, long-term predictability becomes a key determinant of success. In terms of resources, projects can take time to develop and implement, and donors need to be patient but responsive. Tying resources to specific and short-term solutions can be counterproductive. USAID has been successful because they have given the TIP sufficient time and sufficient flexibility to develop a long-term relationship with key partners, such as MIC and the CTA. This helps to build confidence in donors; and it enables both parties to plan ahead. Long term predictability is also important in terms of personnel. During consultations, national stakeholders commented on the high level of donor staff turnover. This hinders the building of strong long-term working relationships between donors and government partners. Again, USAID but also GTZ, illustrate how the presence of key personnel can have an important impact on the impact of the project.

- *Efficiency of working methodologies, procedures, and quality of human resources*

It is essential to adapt methodologies and procedures for the local context and in Mozambique this is clearly of paramount importance. One donor admitted that a weak organizational structure of the project was one of the primary reasons why their projects and activities did not have the intended impact. Donor organisations with strong technical capabilities, such as the ITC and UNIDO, have failed



where individual project managers have had great success. Clearly process and relationships are as important, if not more important, than the proposed technical solution.

### **3.3 Criteria for Success/Failure – the story according to national stakeholders**

According to national stakeholders, criteria for success were largely linked to the capacity of the public institutions. Two criteria identified in the terms of reference are crucial in this regard.

- *Willingness and capacity of Ministries to take up and interact with each other on trade issues*  
MIC, in particular DRI, is responsible for determining national trade policy and implementing trade reforms. The consultations suggest that DRI seems to do this in isolation, with little involvement from other government agencies and Ministries, and non state actors. The donors too reveal difficulties in engaging openly and constructively on trade policy issues with MIC, and particularly with the DRI. This makes the planning and implementation of trade policy activities in Mozambique difficult and contributes to a reasonably high level of mistrust between the various actors. It is notable that many of the more successful trade-related activities have taken place outside of MIC and involve support to private sector bodies and companies.
- *Willingness and capacity to coordinate AfT activities*  
The public sector (in this case MIC) has difficulties in coordinating donor projects in general, not just AfT related initiatives. And the donors have in many instances added to coordination failures through poor planning and communication. The difficulty encountered by MIC in coordinating a project of the scale of the IF illustrates this point. This particular problem has now been addressed as MIC is now receiving outside technical assistance to assist them in coordinating the IF. So from both sides, there is a strong willingness to cooperate, but capacity constraints and weak structures often get in the way.

## 4 Conclusions

Mozambique has a long way to go in terms of realizing its trade potential. Despite a strong export growth performance over the last decade, the country has failed to diversify its exports, remaining heavily reliant on the export of aluminium, and it has benefited little from the new export opportunities in the SADC free trade region as well as in the EU and US markets. Clearly more needs to be done, both domestically and in foreign markets, to integrate Mozambique more fully into the international trading system.

Donors have and can continue to play a valuable role in identifying and addressing constraints to trade. The DTIS and IF demonstrate no shortage of challenges and ideas. But implementation of the IF has been weak and many projects have failed. There have also been notable and ongoing achievements. The consultations with national stakeholders and donors highlighted a number of key factors which are particularly relevant for AfT activities have contributed to the success of some of these projects.

- *The long term nature of projects*, which adds predictability and gives the donor time to build up relationships with partner institutions.
- *Permanent donor representatives in institutions*, which gives the donor an understanding of ministerial structures, priorities and processes.
- *The expertise and country experience of the project manager/team*, which contributes to trust and helps to facilitate knowledge sharing (in both directions).
- *Careful project planning between the donor and national institutions*, which ensures that the project reflects national priorities and capabilities.
- *Regular formal and informal reporting and communication*, which holds the donor and all other stakeholders to account.

### 4.1 Trade related needs and activities implemented

The trade related needs or constraints summarized in Section 1 are well recognized by both donors and national agencies, and have been documented in numerous documents, including the DTIS, WB Doing Business Reports as well as the National Industrial policy. Trade aspects and needs are also integrated into national development strategies, in particular the PARPA II. Key themes include: trade policy work, building the capacity of public institutions involved in trade related activities, building productive capacity, improving the business operating environment, capacity building in SPS/TBT, and building trade infrastructure.

Donors are currently actively involved in projects in each of these thematic areas, as outlined in the previous two sections. UNIDO is involved in SPS projects, USAID is working to improve the business environment, GTZ is working on improving SMEs etc. Much more can be done in each of these areas. This is confirmed by consultations with MIC. Officials describe a wide range of needs, from research and training on specific technical trade issues (e.g. rules of origin), to instruction on basic IT skills, such as using Excel. Looking beyond MIC, substantial work is still required in order to improve the business operating environment: Mozambique dropped to 140<sup>th</sup> position, from 134<sup>th</sup>, in the 2009 World Bank Doing Business Report. The World Bank report highlights long delays in importing and exporting, high energy costs and poor infrastructure.

The key question for Germany is therefore not what needs to be done; but what can Germany best achieve given its own funding priorities and constraints and the unique challenges it confronts in the recipient country. Here Germany can probably learn best from its own experiences in Mozambique.

### 4.2 Putting German AfT into Perspective

GTZ's primary AfT activities in Mozambique are in the area of SME development. GTZ's SME Enabling Environment program has disbursed over \$4m in funds over the past 5 years with another \$4m budgeted for the next 4 years. This makes GTZ the single biggest donor involved in SME related activities in Mozambique.

In terms of the criteria for success identified in the previous section, the following apply to GTZ:

- *Donor's presence in the field.* GTZ has a large local presence on the ground in Maputo and already has an office within MIC.
- *Experience in the country/ sector/ context.* GTZ has been working in Mozambique for almost 25 years and has developed a wealth of country level experience. Also, its SME support program has been running now for over 5 years.
- *Trust and confidence of partner governments and other donors.* GTZ has developed a very good relationship with MIC. This has been achieved primarily by having a full time officer in the MIC interacting with Ministry officials on a daily basis.
- *Technical expertise of the donor.* GTZ is able to draw on a wealth of SME development experience from Germany and programmes elsewhere.
- *Long term predictability.* GTZ's SME program, which has run for the last 5 years, has now been extended and will run until the end of 2011.
- *Efficiency of working methodologies, procedures and quality of human resources.* GTZ has built strong ties with national operators and an expert and experienced local staff.

It would therefore seem that the best strategy for German Development Cooperation in Mozambique is to continue to do what it does well in those areas that it has already invested in strong relations, a good reputation, and a high level of skills and experience. And this would appear to be in the area of SME development and support.

## Appendix

### Consultations

#### National Stakeholders

*Abilio Cossa, DNI/MIC, Head of Licensing Department*

Topics covered included:

- Licensing reform
- Experiences working with ITC on packaging project
- Impression of GTZ projects with Ministry
- Experiences working on trade related issues, in particular SADC Trade protocol negotiations and implementation

*Nicolas Maenling, DNI/MIC, Principal Economist*

Topics covered included:

- Industrial policy objectives, in particular implementation of SME policy and recent approval of textiles and clothing industrial strategy
- Donor assistance in the department, in particular GTZ assistance
- Needs of the department and Ministry in general, emphasised weaknesses in management structures and techniques within the Ministry

*Florence Chavango, DNI/MIC, Director Industrial Policy*

Topics covered included:

- Ongoing activities, emphasized work on creating export processing zones
- Industrial priorities
- Experience working with GTZ on SME policy
- General impression of donor related work in Ministry
- Needs of the Directorate and Ministry in general

*Filipe Matavele, DRI/MIC, Department for Multilateral Negotiations*

Topics covered included:

- Description of the department and issues they are working on right now
- Current status of EPA negotiation
- Ongoing SADC related work
- Donor assistance, in particular the assistance they are receiving from USAID
- Needs of the department and its strengths and weaknesses

*Agonias Macia, DRI/MIC, Department for Bilateral Negotiations*

Topics covered included:

- Discussion on his role as the IF focal point for MIC and current status of the IF, future prospects of IF
- Ongoing bilateral negotiations, in particular current bilateral agreement being negotiated with Malawi
- Experiences working with donors, in particular USAID

*Tom Wangstaff, DRI/MIC, Trade Economist*

Topics covered included:

- Current trade priorities, primarily 2<sup>nd</sup> round EPA negotiations
- Needs of the department and MIC in general
- Experience working with USAID and GTZ

*Dr. Felisberto Ferrão, DRI/MIC, Director of Technical Unit for Trade*

Topics covered included:

- Discussion on experience working with donors, in particular working with USAID, impression of TIP program
- Current trade priorities of MIC
- Constraints and challenges facing MIC

*Lourdes Capelas, INNOQ, Director*

Topics covered included:

- Discussion on the role of INNOQ and its current capacities
- Ongoing donor projects with donors, in particular the BEST project with the EC and UNIDO.
- Experiences working with donors and opinion on

*Cecilia Emília Candrino, IPEX, Director*

Topics covered included:

- General discussion on the role of IPEX and its capacities and objectives
- Overview of the ongoing projects with donors and experiences working with donors, in particular with USAID and ITC

*Rogério Ossemame, Researcher, Mozambique Institute for Social and Economic Studies*

Topics covered included:

- General discussion on role of the Institute and current trade related studies
- Discussion of trade potentials of Mozambique and obstacles to realising these trade potentials

*Brendan Kelly, Ministry of Planning and Development, Economist PARPA Review team*

Topics covered included:

- Discussion on integration of trade related needs into the PARPA
- Progress to date on reaching these trade related targets or needs

## **International Agencies & Donors**

*Asbok Menon, Director Trade and Investment Project, USAID Mozambique*

Topics covered included:

- Ongoing activities of the TIP program
- Achievements of the program

- Experiences working with MIC, lessons learned
- IF process and impression of how its been going
- Private sector working group and USAID's role within it

*Nelson Guilaçe, Senior Policy Advisor, USAID Mozambique*

Topics covered included:

- General discussion on TIP program, its achievements and strengths
- Experience working with public sector,
- Working with CTA and progress made
- Private sector working group

*Francois Denner, Chief Technical Adviser, UNIDO Mozambique*

Topics covered included:

- Detailed discussion on BEST program and progress made to date
- Experience working with public sector, in particular working with INNOQ

*Dr Friedrich Kaufmann, Ex Private Sector Advisor, GTZ Mozambique*

Topics covered included:

- Detailed discussion on GTZ's SME program with MIC
- Experience working with MIC and other public institutions, lessons learned
- Experience working with other donors
- Private sector working group and GTZ's involvement in this
- Suggestions on future directions of GTZ trade related work in Mozambique

*Svenja Pauino Rodriguez, Principal Advisor Private Sector Support, GTZ Mozambique*

\* Svenja replaced Kaufmann as GTZ's private sector officer in MIC, she started in April

Topics covered included:

- Discussion on impressions of working with MIC so far
- Objectives of SME program for coming years

*Thomas Kring, Economic Advisor, Economic and Policy Analysis, UNDP Mozambique*

Topics covered included:

- General discussion on UNDP trade related work
- UNDP role in the IF
- Experience working with the public sector in Mozambique

*Michel Evequoz, Private Sector Development Officer, SDC Mozambique*

*Thierry Noyelle, SDC Consultant*

Topics covered included:

- Discussion on SDC's trade facilitation projects, in particular recent food safety project with UNIDO and INNOQ
- SDC's experience with the IF

- Future SDC AfT projects
- Discussion on new private sector program being designed by SDC
- SDC's collaboration with other donors

*Myriam Sekkat, Trade Officer, EC Mozambique*

\* The EC haven't had a trade officer for 6 months, Myriam started in May, so her knowledge of Mozambique and EC project history here was limited

Topics covered included:

- Overview of the BEST program and its objectives
- Impressions of Mozambique to date, trade potentials of the country, priority areas which needs to be addressed

*Rosario Marapusse, Private Sector Support, Italian Cooperation*

Topics covered included:

- Italian Cooperation's trade support programs
- Discussion on Trade sub-committee and its objectives and Italian Cooperation's role as the coordinator of this group
- Italian Cooperation's role in the IF process, status of the IF process, future prospects of the IF
- General discussion on trade potential of Mozambique and priority areas which need to be addressed



Deutsche Gesellschaft für  
Technische Zusammenarbeit (GTZ) GmbH

Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn / Germany  
T 06196 79 - 0  
F 06196 79 - 1115  
E [info@gtz.de](mailto:info@gtz.de)  
I [www.gtz.de](http://www.gtz.de)

