



BUILDING CAPACITIES FOR EFFECTIVE TRADE POLICY FORMULATION AND MANAGEMENT

FINAL PROGRAMME NARRATIVE REPORT

Programme Title & Project Number

- Programme Title: **Building Capacities For Effective Trade Policy Formulation And Management**
- Programme Number: 00072732
- MPTF Office Project Reference Number:

Country, Locality(s), Thematic Area(s)

Country: Mozambique

Thematic/Priority:

Participating Organization(s)

- **UNDP**
- **ITC**
- **UNIDO**
- **FAO**
- **UNCTAD**

Implementing Partners

- Ministry of Industry and Commerce (MIC)
- Ministry of Agriculture (MINAG)
- Centre for Investment Promotion (CPI)
- Institute for Exports Promotion (IPEX)
- Confederation of Economic Associations (CTA)
- Eduardo Mondlane University (UEM)
- Ministry of Planning and Development (MPD)
- National Institute of Statistics (INE)
- National Institute of Normalization and Quality (INNOQ)
- Customs Authority

Programme/Project Cost (US\$)

MPTF/JP Fund Contribution:

- **UNDP:** \$545,000
- **ITC:** \$260,000
- **UNIDO:** \$70,000
- **FAO:** \$410,000
- **UNCTAD:** \$180,000
- **TOTAL: \$1,485,000**

Agency Contribution

- **UNDP:** \$300,000
- **ITC:** \$500,000
- **UNIDO:** \$500,000
- **FAO:** \$250,732
- **UNCTAD:** \$0,0
- **TOTAL: \$1,850,732**

Government Contribution:

N/A

Other Contributions (donors):

N/A

TOTAL:

Programme Duration (months)

Overall Duration: 26
Months

Start Date: 09-11-2009

End Date: 31-12-2011

Operational Closure
Date : 31-12-2011

Expected Financial
Closure Date: 30-06-
2012

Final Programme/ Project Evaluation

Evaluation Completed

Yes No Date: _____

Evaluation Report - Attached

Yes No

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FINAL PROGRAMME REPORT

I. PURPOSE

This Joint Programme purpose was to harness the complementarities and synergies created by UNDP, FAO, UNIDO, UNCTAD and ITC in order to build national capacities for effective trade policy, strengthen market access for the key agricultural commodities, and ensure high standards for Mozambique's goods and services in the domestic and international markets. The project was implemented under the framework of "Deliver as One" with the purpose of enhancing Mozambique's participation in the global trading system over the medium to long term. It was also expected that the Joint Programme would create an opportunity to contribute to building Mozambique's capacity to effectively participate in, and benefit from, the regional and global trading processes, as well as to compliment the ongoing reforms targeting the improvement of the business environment.

The main outcome of the Joint Programme on Effective Trade Policy Formulation and Management is the improved and coherent trade capacity for Mozambique capable of growing the local private sector, creating employment and reducing poverty. This was to be achieved through specific support to trade policy and trade facilitation capacities, including relevant competition enforcement frameworks, to the range of responsible government institutions, capacity for independent trade policy analysis and policy influencing by non-state actors, targeted assistance in external trade negotiations (especially on agriculture) and support to improve the capacity of agro-industry to produce goods and services that meet quality, design, timeliness, health, safety and environmental standards of domestic and foreign markets

In order to achieve the above Outcome, the program defined the following 3 Outputs:

1. Strengthened trade policy management and trade policy harmonisation;
2. Increased Supply Capacity for agricultural and fishery products;
3. Improve capacity of enterprises to meet international product standards.

The Trade Joint Program main outcome contributes to the UN Strategic Planning Framework (UNDAF 2007-2011), more specifically to its two Outcomes, namely:

1. Efficient policies, plans, and strategies are ensured to promote equitable and sustainable economic development;
2. Pro-poor economic growth strengthened by promoting decent employment, rural economic activities, access to markets, trade, financial services and infrastructure.

In order to achieve this, the program envisaged to undertake capacity building activities with the range of implementing institutions, and their capacities further strengthened to build partnerships and to become fully-fledged development agents. The implementing partners are Ministry of Industry and Commerce (MIC), Ministry of Agriculture (MINAG), Centre for Investment Promotion (CPI), Institute for Exports Promotion (IPEX), Confederation of Economic Associations (CTA), Eduardo Mondlane University (UEM), Ministry of Planning and Development (MPD), National Institute of Statistics (INE), National Institute of Normalization and Quality (INNOQ) and the Customs Authority.

II. ASSESSMENT OF PROGRAMME/ PROJECT RESULTS

The Effective Trade Policies Formulation and Management Joint Programme was the latest joint program to be approved, which occurred only mid 2009, with the first resource allocations made in October 2009 and the first disbursement made in November 2009. Therefore, this joint program had a limited period of implementation of about 2 years, which was short for the achievement of all planned results. In addition, due to the long period between the joint program design and its approval, some of the originally planned results and activities became irrelevant or were already implemented by the implementing partners using other sources of funding, which

resulted in adjustments to the program.

Nevertheless, the joint program achieved the main planned results and it contributed to enhance the Government capacity to formulate and manage trade policies, as well as to participate in the global trade system. The following results were achieved:

1. **Output 1: Strengthened trade policy management and trade policy harmonisation;**

The Joint Programme contributed to the strengthening of trade policy management and harmonization by adapting and translating training materials (including audio-visual material) on two trade-related subjects: Mediation and Commercial Contracts for exporting SMEs. In addition to the adaptation of training materials, training courses on Mediation and Commercial Contracts were delivered by local trainers, thus contributing to building local training capacity in these areas. The ITC Model Contracts for SMEs were translated and adapted to Mozambique: 9 most used commercial model contracts in Portuguese and English (Licensed ITC) provided, a series of internationally validated ITC Model Contracts.

Capacity-building activities for high-level trade and investment officials were undertaken. These included analysis of international trade protocols and treaties to assess the implications of their translation into domestic laws and policies, the participation of Mozambican government officials in relevant high-level international events, such as the WTO conferences and SADC Trade Protocol meetings, and training workshops dealing with sustainable investment promotion policies as well as issues related to export-oriented foreign direct investment for Government Officials. Institutional capacity of the Center for Investment Promotion (CPI) was strengthened and strategic direction to its promotional campaign to attract FDI for development was provided.

In the area of strengthening capacity for trade competition, a programme of action was developed with the Ministry of Commerce. This programme included analytical research and advocacy work to raise awareness and understanding of the importance of competition law.

The role of academia was strengthened through financial assistance to researching trade issues at Eduardo Mondlane University Faculty of Law, particularly on how commercial related disputes are dealt with by the courts, identification of gaps existing in the national legislation in relation to the international trade treaties and agreements and assessment of the level of knowledge and implementation of international trade policies at the national level. This included supporting the Faculty of Law teachers' research for dissertation thesis at the Master Degree level and at the PhD level. The Faculty of Law established links with international trade-related institutions, namely WTO, UNCTAD and ITC in order to identify key areas for trade policy research, and to strengthen the faculty's analytical capacity on trade issues.

As part of trade policy research capacity development, the Joint Programme funded a seminar organized by the Faculty of Law of the Eduardo Mondlane University (UEM) on trade policies and management instruments. The participants to the seminar included people from the academia, Government and CSOs that discussed how trade policies and management instruments within SADC countries can be used to facilitate trade and regional integration. The seminar constitute a step to familiarize the academic community with regional trade policies instruments and to identify the issues and challenges faced with regard to regional trade and regional integration in order to define research priorities in this areas.

The Joint Programme contributed to improvement of the quality of trade statistics by supporting joint missions from the National Institute of Statistics (INE), the Exports Promotion Institute (IPEX) and Tax Administration Authority the main border posts in Maputo, Nacala, Manica, Beira and Tete to verify and improve the process of statistics collection and processing, aiming at meeting the international standards in trade statistics. The missions included seminars with customs officers, as well as monitoring to verify the process of trade statistics collection and processing and delivery of on-job training for customs officers responsible for collecting exports and imports statistics. The Joint Programme funded a study visit to Singapore where staff member of the above mentioned institution learned from this country experience in managing trade statistics in accordance with international standards, especially with regard to the use of ICT.

2. **Output 2: Increased Supply Capacity for agricultural and fishery products**

The Agricultural Marketing strategy (ECA II) was evaluated, and as a follow-up action of the evaluation recommendations, a Mid-Term Agro Business Action Plan by CEPAGRI from MINAG in collaboration with

MIC was developed and enacted.

The joint program supported technically and financially the development of the Phytosanitary Regulation, which was finalized and approved by the Council of Ministers. In addition, Central and Provincial staff from MINAG (DNSA) trained on pest surveillance and preparedness.

To increase supply capacity for agricultural and fisheries products, the Joint Programme supported the fishing fair promoted in Maxixe, Inhambane Province, with participation of fisherman and small-scale fish traders. Small scale fisherman and small traders trained on fish conservation techniques in Gaza and Inhambane Provinces. In addition, a standardized model of a fish market was designed by FAO CO and IDPPE – Instituto de Desenvolvimento da Pesca de Pequena Escala and approved, by FAO HQs and by Government, and the construction of a pilot site foreseen for 2011.

In order to enhance the capacity of agro-processing at local level and increase the standards of local products for export, the Joint Program financed the purchase of vegetables processing and conservation equipment for the agro-processing training/pilot center in Boane District, Maputo Province. The pilot center will serve to train the local small farmers on techniques to process, pack and store vegetables in order to add more value, not only for the local market, but also for exports.

Government officials from the Ministry of Industry and Trade (MIC) at central, provincial (all provinces) and district levels, including the Cereals Institute of Mozambique (ICM) were trained on issues such as: information systems; agricultural market and agribusiness concepts; prices, costs and marketing margins; rural agro-industrialization; agricultural marketing and food security; marketing credit; simplified licensing of commercial activities, rules and regulations; and other themes important for the functioning of MIC at all levels.

The INFOCOM Unit from MIC was fully equipped at central and provincial levels and staff from central level trained on the use “Agrimarket”.

3. Output 3: Improve capacity of enterprises to meet international product standards

The Ministry of Industry and Commerce capacity to facilitate private sector operations and provide timely and quality services, including those related to trade, was strengthened through provision of equipment (40 Desktops, 4 laptops, 4 servers) and software for information management systems. The equipment was distributed to all 11 existing Balcões de Atendimento Único- BAUs (One-stop Shops) - where private sector entrepreneurs can access information and services they need from the Government to run their businesses.

The BAUs Corporate Design was developed to be standard for all BAUs in the country and includes the structure of the building, colors, furniture, internal layout, and other branding features. The Corporate Design is important as it will define the identity of these services and make them more visible/accessible to the main users- the private sector. The Corporate Design will be first used in the Maputo City BAU during the first quarter of 2012 and after that will be expanded to other provincial capitals.

In line with the efforts to promote no-traditional export products, the programme provided funding to IPEX to participate in three International Trade Fairs (Senegal, Macau and Italy). In these fairs, agro-processed products and other manufactured goods that are not part of the traditional exports (cashew, seafood, etc) were exhibited and new market opportunities for them created.

The capacity of enterprises to meet international product standards was supported by sponsoring participation of technical staff from Government in 5 meetings on Codex Alimentarius where food safety principles and product standards are discussed, adjusted and agreed upon. As part of Codex Alimentarius implementation, the joint program supported the timely dissemination of all related information to the National Committee.

In general, the Joint Programme was successfully implemented, although it did not achieve in fully all planned results. These include the training of Legal Advisers on Contracts and Investment Law issues, the design of the national strategy of competitive exports and establish the capacity for its development and implementation in line with the PARP objectives and support to competition legislative process and establishment of competition authority & coordination of investment promotion with trade strategy. The development of ECA III (Agricultural Commercialization Strategy), the elaboration of the National Exports Strategy and the development of the Exporter Manual were other key results not achieved.

These results were not fulfilled mainly because of the late approval of the Joint Programme, which in one hand resulted in limited time for implementation, and on the other required adjustments in the original plan given that due to the long period that passed since the design, some of the activities planned were already implemented using other funding sources or they were no longer relevant.

The Joint Programme provided a valuable contribution for the achievement of the Country Program Outcome “4.1 Efficient policies, plans, and strategies are ensured to promote equitable and sustainable economic development” as it developed the national capacity to analyse, discuss formulate and manage trade policies through the capacity development (training, development of materials) provided to Government relevant institutions and the academia. The project contribution to trade polices management was also provided through the efforts made to ensure that national exports products meet international standards by fulfilling the international regulations, ensuring that appropriate trade statistics that meet international standards were in place as tools for policy formulation and management and by supporting the increase the national capacity to supply these products.

The development of capacity to put in place appropriate trade policies that contribute to enhance the country participation in the global trade, the support provided to increase the capacity of supplying agriculture and fisheries products that meet quality, design, timeliness, health, safety and environmental standards of domestic and foreign markets contributed to the overall national objective of combating poverty as defined in PARPA as well as it contributes to the achievement of the MDG 1- eradicating poverty and hunger.

III. EVALUATION & LESSONS LEARNED

The Effective Trade Policies Formulation and Management Joint was mainly focused on capacity development for policy formulation, analysis and management. In that regard, the program had not planned to carry out studies or assessment, although it was expected policy analysis documents to be produced. However, the late disbursement of funds and the long time that took to reach agreement among the implementing on the adjustments made in the original programme document, did not allow sufficient time for the production of the analytical documents on trade policies. The only analytical document produced is the evaluation of the Agricultural Commercialization Strategy (ECA II) which conduced to the elaboration of the respective Action Plan.

Accordingly with the Joint Programme document, an external evaluation was expected at the end of the programme. However, the short implementation period, the nature of activities undertaken and the fact that the quarterly and annual reports provided sufficient information on the results of project implementation did not justify the need of an external evaluation.

The difficulty of the government partners to convene the Steering Committee and Technical Committee meeting created difficulties in the design and implementation of the program given the absence of a forum where all partners could seat together to discuss and decide in consensus on key issues related to the program.

The lack of coordination among Government entities created some constraints in implementing the program, whereby some activities proposed in the joint program to be carried by a certain Ministry were found already undertaken by another Ministry. This the case of the mid-term “Action Plan for the Agro Business Development” proposed by the MIC in replacement by the ECA II, while a similar work was being done by the Ministry of Agriculture and the development of the “National Program for the Development of the Agrarian Sector”

The late approval of the Joint program was a challenge given that some of the activities initially planned were already carried out by the Ministry of they are no longer relevant and this requires frequent adjustments when designing the annual work plans. In doing this, some activities proposed by the partners do not fall within the framework of the Joint Program and it become very challenging to convince the partners that what they are proposing, despite the fact that it is Government priority, cannot be funded by the Joint program.

At the implementation level, the rolling out Joint program activities into the provinces and with a view to make such knowledge available to all SMEs involved in related sub-sectors and in which

Trade Policy related and legal issues as one of the difficulties encountered.

An important lesson learned is that it is important to have accurate information about resources availability for the Joint Program before the official approval of the Work Plan. For instance, the reported situation of insufficient resources to implement the AWP created embarrassment to the UN as it was unable to meet the commitments made. Furthermore, this contributed to reduce confidence of Government to the Joint programming approach and hence its continued lack of leadership.

The design of this Joint Programme did not maximize the synergies and complementarities among agencies in the area of trade policies. In future, a better integration of components and more involvement from government is crucial to assure solid and sustainable results.

IV. INDICATOR BASED PERFORMANCE ASSESSMENT

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
Outcome 1: 4.1 Efficient policies, plans, and strategies are ensured to promote equitable and sustainable economic development.							
Output 1.1: Improve Trade Policy Management	Indicator 1.1.1: Number of analytic papers (including business oriented policy analysis papers) on the domestic and external trade policy.	<u>Baseline: 0</u>	<u>Target: 12</u>	Not achieved	The programme focused more on the capacity development activities and the short period of implementation did not allow for policy documents production		The Faculty of Law, the main source of analytical paper production, was lately engaged in the process due to delayed agreement by the Ministry of Commerce on the nature of its involvement
	Indicator 1.1.2: Number of government officials trained and engaging meaningfully in external trade negotiations	<u>Baseline: 0</u>	<u>Target: 20</u>	Achieved		-Joint program reports; - Ministry of Trade and CPI reports	More than 300 Government officials were trained in various trade related issues, but not all of them engaged in trade negotiations.
	Indicator 1.1.3: Number of public private dialogues undertaken on trade policy and negotiation issues	<u>Baseline: 0</u>	<u>Target: 10</u>	Not achieved (????)			
	Indicator 1.1.4: Availability of reliable and timely foreign trade statistics	<u>Baseline: 0</u>	<u>Target: 4 compilations per year available on internet and 5,000 published</u>	Partially Achieved: compilations of trade statistics available on internet	Compilation of statistics copies not published as planned due to time constraints. The program was only able to conduct training and monitoring activities.	INE website	

			<i><u>copies.</u></i>				
	Indicator 1.1.5: Number of judicial seminars on competition delivered	<i><u>Baseline: 0</u></i>	<i><u>Target: 5</u></i>	Partially Achieved:	Time constraints	Joint program reports; seminar reports	
	Indicator 1.1.6: Functional competition authority with enforcement capabilities.		<i><u>Target: Established 2nd semester 2008</u></i>	Partially: Competition law and regulation reviewed.	Time constraints		
Outcome 2: 4.3 Pro-poor economic growth strengthened by promoting decent employment, rural economic activities, access to markets, trade, financial services and infrastructure.							
Output 2.1: Increased supply capacity notably with regard to production, processing and export of agricultural commodities and fishery products	Indicator 2.1.1: Growth in volume of agricultural commodities processed for domestic marketing and exports	2007 agro-processing marketing and export figures (by value)	Growth 5% (2009) and 5% (2010)	Achieved		Ministry of Agriculture and MIC reports	
	Indicator 2.1.2						
Output 2.2:	Indicator 2.2.1						

Reduction in technical trade barriers and improved trade facilitation environment	Indicator 2.2.2: Increased quality and safety of traded good	INNOQ unaccredited to offer services.	INNOQ accredited to provide internationally recognized metrology services by end of 2009	Achieved			