

## Data Sheet

<b>USAID Mission:</b>	Mozambique
<b>Program Title:</b>	Exports
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	656-007
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$3,811,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$3,801,000 DA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's program to increase labor-intensive exports will remove constraints to investment and trade by providing technical assistance, training, and capacity building to the Government of the Republic of Mozambique (GRM) and the private sector to: (1) increase international market access for Mozambican products; (2) enhance Mozambique's competitiveness by reducing the cost of doing business; and (3) increase tourism and exports in specific sectors such as garments and horticulture. Activities will focus on improving the country's trade policies; creating a more supportive enabling environment; and directly increasing exports in target sectors. Together, the three program areas -- access to markets, a competitive low-cost environment, and sector-specific productive projects -- will ensure that USAID's increased labor intensive exports objective is achieved.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Economic Policy and Governance (\$1,492,000 DA). USAID is continuing its productive partnership with the Confederation of Mozambican Business Associations (CTA) to advocate for reforms that strengthen a more liberal trade and an improved business climate. USAID is reinforcing CTA's capacity to advocate for a more competitive business environment. To this end, USAID is providing technical assistance to strengthen CTA's analytical capacity and its ability to prepare policy position papers on economic issues, business conditions, and proposed legislation. Principal contractor and grantee: Booz-Allen & Hamilton and CTA (both prime).

Increase Private Sector Growth (\$1,919,000 DA). USAID is designing and will implement a tourism activity that will foster policy reforms necessary to attract foreign and domestic investment to the tourism sector. These reforms include but are not limited to more competition in the air transport sector, improved land use regulations, and effective environmental protection laws. The tourism activity also will develop selected tourism and eco-tourism products, such as beach resorts and game parks that are typically labor-intensive. USAID is entering into a public-private partnership with the African Wildlife Foundation to establish a community-managed conservancy. The conservancy -- a 130,965 acre site bordering the Great Limpopo Transfrontier Park and Conservation Area -- will be financed through tourism revenue generated from enterprises to be established within the conservancy. The project will develop infrastructure, initiate conservation enterprises, and build capacity among local stakeholders to profitably manage wildlife. Principal contractors and grantees: Nathan Associates, Inc. (prime) and the George Washington University (sub).

Increase Participation in Global Trade and Investment (\$400,000 DA). With USAID's technical assistance, the Ministry of Industry and Commerce is simplifying rules related to commercial and industrial licensing and will introduce a simple and effective competition law. Because "economic literacy" in Mozambique is key to facilitating an improved enabling environment and good policies, particularly trade policies, USAID is sponsoring training for Mozambicans from the private and public sectors in economics, trade, and related areas. USAID has identified 10 participants who began formal studies in January 2005. Principal contractors and grantees: Four South African universities, to be determined.

**FY 2006 Program:** Improve Economic Policy and Governance (\$1,468,000 DA) USAID will continue strengthening CTA to serve as the premier Mozambican private sector lobbying agent for policies that

have a positive impact on the private sector and economic growth. Principal contractor and grantee: Booz-Allen & Hamilton and CTA (both prime).

Increase Private Sector Growth (\$1,733,000 DA). In addition to the implementation of the tourism activity, USAID plans to identify and address additional market opportunities for exports. Principal contractors and grantees: Nathan Associates, Inc. (prime) and the George Washington University (sub).

Increase Participation in Global Trade and Investment (\$600,000 DA). USAID will continue to work with the GRM toward the improvement of Mozambican policy reform, and will identify and address additional policy dialogue opportunities. Reforms engineered in 2005 will be implemented in 2006. In addition, up to 20 new participants from the private and public sectors will be sent for training in economics and trade. Principal contractors and grantees: Four South African universities, to be determined.

**Performance and Results:** Performance in 2004 generally built upon achievements in 2003. The dialogue between the GRM and the private sector, facilitated by USAID's grantee CTA, improved. For example, for the first time the Prime Minister attended all scheduled meetings to review the dialogue process, a clear demonstration of host government commitment to the process. Results in other areas include continued improvements in import/export clearance times, from 15 days to three days; and issuance of a new simplified decree on contracting foreign labor that allows employment contracts with a less cumbersome process. This latter result is an essential change in a country working to build up skilled human resources. CTA continues its advocacy work in several areas: for companies to be allowed to hire up to 10% of their employees without GRM intervention; for the development of a timetable for a completely new, employment-enhancing labor law to be passed in 2005; faster value-added tax reimbursements; a new simplified stamp tax; and improvements in Mozambique's overall tax regime to enhance competitiveness.

As a result of a September 2004 Diagnostic Trade Integration Study and the 2002 Trade Mainstreaming Report, Mozambican opinion makers in government, academics, and business have a much better appreciation of and support for a liberal trade policy for growth. In addition, the USAID-funded alternative dispute resolution program resolved 12 cases, and arbitration clauses are consistently being used by Mozambican lawyers in the drafting of new contracts.

By the end of this strategy, USAID will have attracted new investments in targeted labor-intensive sectors through the combination of new openness to trade, lower transaction costs, and dynamic responses in selected sectors. The GRM also will have achieved important policy milestones.

## US Financing in Thousands of Dollars

Mozambique

	DA	ESF
656-007 Exports		
<b>Through September 30, 2003</b>		
Obligations	1,988	250
Expenditures	0	0
Unliquidated	1,988	250
<b>Fiscal Year 2004</b>		
Obligations	6,981	0
Expenditures	938	0
<b>Through September 30, 2004</b>		
Obligations	8,969	250
Expenditures	938	0
Unliquidated	8,031	250
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	3,811	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	3,811	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	3,801	0
Future Obligations	40,019	0
Est. Total Cost	56,600	250