Data Sheet

USAID Mission:	Mozambique
Program Title:	Exports
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	656-007
Proposed FY 2004 Obligation:	$7,100,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,974,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2010

Summary: The labor-intensive exports program focuses on overcoming constraints to investment and trade by providing technical assistance, training, and institutional capacity building to enhance and maximize Mozambique's access to international and regional markets. The program also reduces the unnecessary costs imposed on business by the implementation of the Government of the Republic of Mozambique's (GRM's) policies and regulations, and establishes the conditions for increasing productivity, employment, and exports through sector-specific interventions.

Inputs, Outputs, Activities:

FY 2004 Program:
USAID will continue designing and begin implementing activities under the new country strategic plan in FY 2004. Activities will include a combination of technical assistance, training and institutional support to: (1) improve the institutional and analytical trade capacity of policy makers and negotiators; (2) ensure the private sector's active engagement with the GRM to reduce red tape and improve the commercial policy, legal, and regulatory environment; (3) enhance public-private partnerships to transfer skills through apprenticeships, mentoring, and more effective use of existing training facilities to augment degree programs in economic development; and (4) build the capacity of labor-intensive industries through the provision of business development services and training in techniques to penetrate new markets.

Markets for exports expanded ($1,374,000 DA). The GRM has a crucial role to play in negotiating market access bilaterally, regionally and internationally; the fulfillment of this role will improve the prospects for labor-intensive exports. USAID will provide technical assistance to the GRM's International Relations Directorate to improve institutional and analytical capacity in support of better trade policy. USAID, as the donor coordinator in Mozambique for the multilateral Integrated Framework (IF) for Trade-Related Technical Assistance to Least Developed Countries, will assist the GRM to complete its application for the second IF round and then expand the USAID-funded Trade Mainstreaming Study to meet the requirements for a full IF "Diagnostic Trade Integration Study." These actions are expected to lead to the integration of a trade action plan into Mozambique's overall development and poverty reduction strategy. Principal contractors and agencies: Nathan and Associates; Ministry of Industry and Commerce (MIC).

Enabling environment for exports improved ($2,192,000 DA). Through its partnership with USAID, the Confederation of Mozambican Business Associations (CTA) will continue to lobby for necessary reforms to create a more liberal trade and enabling environment. USAID technical assistance is expected to contribute to the following improvements to the enabling environment in FY 2004: passage of a more liberal telecommunications law; revisions to the decree governing the contracting of foreign labor; approval of a more progressive commercial code; and a reduction of the time required to register companies from 153 days to less than 100. USAID technical assistance and training will enhance the legal environment for private enterprise by expanding the system of alternative dispute resolution established with USAID assistance in FY 2003, thereby improving contract enforceability. Principal contractors, grantees or agencies: Booz-Allen & Hamilton, Business Forum for the Environment, CTA, MIC, Ministry of Transport and Communications.

Capacity of labor-intensive industries strengthened ($3,534,000 DA). During FY 2004, activities will be designed under this new objective. During activity design, USAID will apply a number of lessons learned from a public-private partnership with Technoserve that partners U.S. companies in mentoring relationships with Mozambican enterprises to help them enter and succeed in domestic and international markets. Principal contractors and grantees: Technoserve and others to be determined.

FY 2005 Program:
Markets for exports expanded ($1,398,000 DA). USAID may expand technical assistance and training to key government institutions in FY 2005 to assist with the establishment of a trade coordinating body, the creation of a trade database, and the implementation of a set of standards and certifications required to export products in particular markets. Principal contractors and grantees: Nathan and Associates, MIC, others to be determined.

Enabling environment for exports improved ($1,322,000 DA). USAID may expand its activities in FY 2005 to include technical assistance and training to the MIC's Private Sector Division, and technical assistance to the Mozambican non-governmental organization (NGO) Businesses Against AIDS. Principal contractors and grantees: CTA, others to be determined.

Capacity of labor-intensive industries strengthened ($2,254,000). FY 2005 will be the first year of implementation of this new activity. USAID technical assistance, training, and financial assistance will create the mechanisms and environment required to increase exports in select industries or sectors. Specific interventions will include establishing alliances between Mozambique and U.S. or regional businesses and sector business associations; creating financial instruments aimed at supporting labor-intensive exports; and increasing access to business development services. Principal contractors and grantees: To be determined.

Performance and Results: Significant improvements in economic policy legislation and regulations that encourage trade and investment were achieved under the former program. These were reflected in the reduction of import times from two weeks to one week; reduction in the registration time for a business from 207 to 153 days; and a reduction in the bureaucratic requirements for hiring of foreign workers. The CTA played a key role in each of these achievements. In January 2003, the GRM reduced the high tariff rate from 30% to 25%, reducing trade taxes to 14% of total revenues (excluding donor assistance). The GRM fulfilled its tariff reduction commitment under the Southern African Development Community's (SADC) Free Trade Area agreement.

By the end of FY 2010, CTA will continue to fill the lead role in analyzing proposed policies or legislation related to private sector growth, while diversifying its budget sources; trade will continue to increase as a percentage of GDP, facilitated by the continued reduction of "red tape" barriers, specifically those targeted in the CTA-GRM action plan; and successful exports in a few key sectors will create a political dynamic in support of reform that will generate competitive exports elsewhere.

US Financing in Thousands of Dollars

Mozambique

656-007 Exports	**DA**	**ESF**
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	1,988	250
Expenditures	0	0
Through September 30, 2003		
Obligations	1,988	250
Expenditures	0	0
Unliquidated	1,988	250
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	7,100	0
Total Planned Fiscal Year 2004		
Obligations	7,100	0
Proposed Fiscal Year 2005 NOA		
Obligations	4,974	0
Future Obligations	40,812	0
Est. Total Cost	54,874	250