



**REPUBLIC OF MOZAMBIQUE**

**MINISTRY OF INDUSTRY AND TRADE  
INTERNATIONAL RELATIONS DIRECTORATE**

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**MAPUTO**

**Ref. MIC/DRI/ /09  
Maputo, 5 February 2009**

**SUBJECT: Implementation of the Enhanced Integrated Framework**

Dear Ms. Laaksonen,

Thank you for your recent visits to Mozambique to share with us considerations for the implementation of the Enhanced Integrated Framework (EIF) in Mozambique. In addition to your visit, your letter of 20 April 2008 has also been extremely informative in providing us with the background necessary to begin implementation of the EIF, including drafting of an indicative work program.

Since your visit, we have had various discussions EIF implementers (donors, the National Steering Committee, Government, etc.) on how to best implement the EIF in Mozambique. At my request, the Trade Sub-committee (TSC) of the Private Sector Working Group (PSWG) considered various alternatives to the current implementation arrangement in Mozambique. It was the TSCs recommendation that we maintain the current national implementation arrangement (NIA) and upgrade it through the following actions:

1. Include new participants and seek stronger involvement of key participants (e.g., Ministry Planning and Development; the World Bank; Ministry of Finance, etc.)
2. Increase level of participants (e.g., National Directors, Deputy Directors, etc.).
3. Increase linkages with other committees, working groups, ministries, etc. (e.g., GASP, CIRES, etc.)
4. Appoint a Chair when I am not in country to Chair NSC meetings.
5. Re-invigorate the NSC through our interim work plan, familiarization visits and new members; and
6. Demonstrate a clear commitment from to manage the EIF process.

Our discussions on the NIA led us to develop a detailed diagram (see Annex 1) that outlines our NIA. Our NIA is designed to interact with, not replace, current specialized government, private sector and donor committees (such as the PSWG, CTA Working Groups, the Customs Superior Technical Committee, the GASP Business Environment Committee, etc.). The NSC will work to include representatives from

each of these specialized committees in the NSC. Specific non-trade policy reform issues (trade policy reform issues will continue to be handled by the NSC) will be sent to these committees to address – and these committees will be able to request EIF, via project proposals, assistance to address issues they have the mandate to address.

Using the Local Project Approval Committee (LPAC) as a base, we will establish new Tier 1 and Tier 2 Appraisal Committees (TAC 1 and TAC2) to ultimately evaluate and approval specific projects for EIF funding. Once approved, proposals will be sent to the EIF Secretariat for final approval and funding.

Donors, via the PSWG and TSC groups, will be able to present various trade, business environment and economic issues for consideration by the NSC.

The entire NIA process will hinge on the establishment of a National Implementation Unit (NIU). We have attached (see Annex 2) a draft terms of reference (TOR) for the establishment of a NIU in Mozambique. The TOR has been reviewed and approved by the NSC. We would be appreciative if you could also review and provide us with any comments. Once approved by the EIF Secretariat, we would like to place a tender for the NIU using Tier 2 funds.

As also outlined in our NIA diagram, implementation of specific EIF activities in Mozambique will be done using the two options recommended by the EIF Secretariat – Option 1 (LDC Government Execution) and Option 2 (non-LDC Government Execution). The project implementation actors will liaise directly with the technical working group and Government Ministry or Agency that has the mandate for the reform activity, all the while reporting to the NSC.

Once the NIU has been established, we will develop a detailed five-year work plan, as you suggested in your letter of 30 April 2008. However, until the NIU has been established, we have developed an interim work plan (see Annex 3). The full five-year work plan will list priority actions to be financed by the EIF Trust Fund Tier 2. In addition, we will request assistance to update our Diagnostic Trade Integration Study (DTIS) with specific emphasis on the Action Matrix.

Our overall NIA approach is designed to continue mainstreaming trade, especially into committees and Government Ministries whose mandate impacts trade, but perhaps are not aware that their actions may have a direct impact on trade.

The Italian Cooperation has graciously offered, and we accepted, to fill the role of Donor Facilitator.

As we move forward with our involvement with the IF, we kindly request your guidance on how to best meet EIF guidelines on the use of Tier 1 and 2 funds to meet our technical assistance requirements.

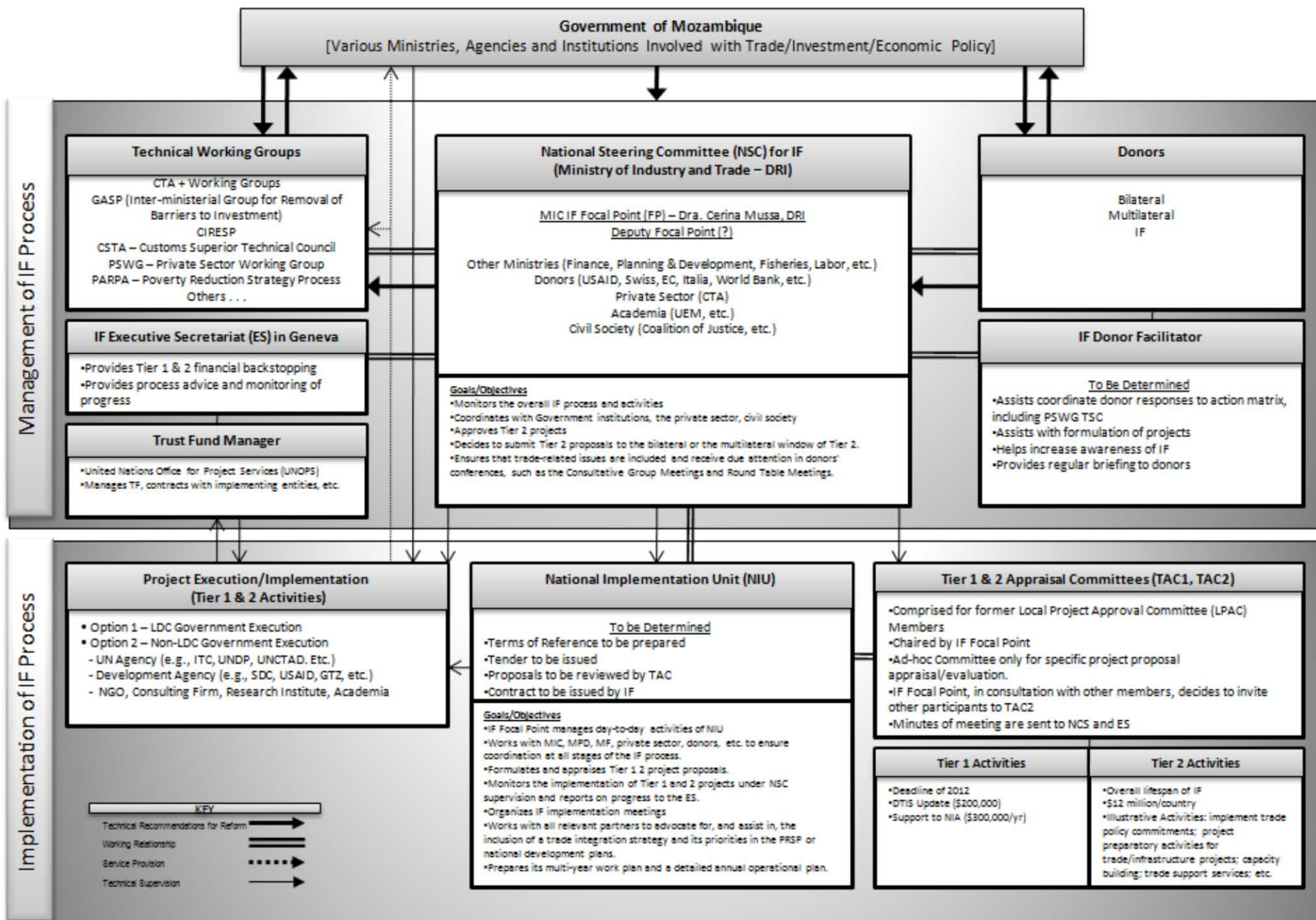
We are extremely grateful for the EIF's continued support and consideration. We continue to look forward to working closely with the EIF in order to meet Mozambique's trade-related technical assistance needs and to seeing you in Mozambique again soon.

Sincerely,

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**Cerina Mussa**  
**National Director**

# Annex I – National Implementation Arrangement



## **Annex 2 – Terms of Reference for the National Implementation Unit**

### ***ENHANCED INTEGRATED FRAMEWORK TERMS OF REFERENCE (DRAFT)***

### ***NATIONAL IMPLEMENTATION UNIT (NIU)***

#### **I. OBJECTIVE**

The main objective of this activity is to enable the Ministry of Industry and Trade (MIC) to better lead the implementation of Enhanced Integrated Framework (EIF) objectives in Mozambique by forming a National Implementation Unit (NIU). The NIU will provide the Ministry with the administrative capacity and human resources to coordinate the implementation of IF activities in Mozambique. The overall goal is more effective integration of trade issues into Mozambique's national development plans through increased buy-in among all partners that produces well-coordinated, targeted capacity building and trade-related technical assistance activities.

#### **II. BACKGROUND**

The goal of the IF is to enhance the capacity of LDCs to integrate into the multilateral trading system in order to reduce poverty and benefit from increased market access. The mandate of the IF is:

- To mainstream trade into LDCs' national development plans such as Poverty Reduction Strategy Papers (PRSPs);
- To assist in the coordinated delivery of trade-related technical assistance in response to needs identified by LDCs;
- To develop the capacity of LDCs to trade, including through capacity building and addressing supply constraints.

Support was offered to the implementation of the IF by six major multilateral agencies, namely the International Monetary Fund (IMF), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Program (UNDP), the World Bank (WB) and the World Trade Organization (WTO).

Commitment to mainstreaming trade into the national development processes such as the PARPA process is critical to achieving Millennium Development Goals. The IF is a tool and a means to an end. It is a process feeding into the broader framework for donor support and programming around a country's development planning and priorities.

The Enhanced IF will build on the existing structure and modalities wherever possible, and will be guided by the aid effectiveness principles set out in the Paris Declaration, such as donor harmonization, using country systems, promoting ownership and involving stakeholders such as the private sector.

Mozambique became a member of the IF in 2004. Mozambique is currently in the process of redefining its National Implementation Arrangement (NIA), including the establishment of a National Implementation Unit to assist with the implementation of trade-related activities in Mozambique across government ministries, private sector and donor groups. Implementation of the Enhanced Integrated Framework demands considerable inputs from government

ministries leading coordination efforts. The Ministry of Industry and Trade currently does not have the administrative, managerial, and institutional resources to effectively implement the development and implementation of the Enhanced Integrated Framework in Mozambique. Lessons from the implementation of the Enhanced Integrated Framework in Tanzania, Cambodia, and Nepal show that the establishment of a National Implementation Unit can be a key step to strengthen institutional capacity and coordination mechanisms.

To assist with the implementation of the IF in Mozambique, Tier 1 of the Enhanced Integrated Framework offers LDCs up to \$300,000 in annual support to build the capacity of National Implementation Arrangements to develop a strong common vision among all partners and to create a sector-wide national implementation strategy. To achieve this goal, strong dialogue mechanisms between national authorities and bilateral and multilateral development partners are critical.

MIC is requesting support from the IF to establish a National Implementation Unit embedded within the International Relations Directorate (DRI) of MIC, and managed by IF Focal Point, Dr. Cerina Mussa, National Director of DRI. The NIU would consist of one Senior Trade Officer and one Junior Trade Officer, capable of providing both administrative and technical support to IF partners and key stakeholders in the planning, organization, and implementation of IF activities.

### **III. SCOPE OF WORK & DELIVERABLES**

To create the NIU and ensure it functions effectively, MIC shall issue a call for proposals for a public, private or non-governmental entity to provide services related to the establishment and operation of an IF National Implementation Unit, including one Senior Trade Officer and one Junior Trade Officer for the NIU. The IF Focal Point (FP) at MIC will supervise all activities of the NIU, including the organization of events and meetings needed to create proper dialogue mechanisms between key partners and stakeholders.

The NIU shall handle the following day-to-day activities of EIF implementation in Mozambique (see Attachment 1 for additional activities the NIU should undertake and Attachment 2 for an overview of the National Implementation Arrangement):

1. Create a work plan for the NIU in conjunction with the National Steering Committee (NSC).
2. Identify what parts of the original DTIS Action Matrix may still need to be implemented. Prioritize activities and issues for IF assistance and development of a work plan for the implementation of the EIF in Mozambique. Compare matrix to current technical assistance projects currently underway in Mozambique.
3. As necessary, elaborate and implement a plan of mainstreaming trade into poverty reduction and national development plans;
4. Work with MIC, the Ministry of Finance, Ministry of Planning and Development, trade-related institutions such as IPEX, private sector representatives, and donors to organize coordination meetings, by:
  - Convening meetings by sending invitations to relevant ministries, organizations, and individuals;
  - Confirming participation in meetings;
  - Securing facilities for meetings and events according to expected participants;

- Preparing meeting agendas in conjunction with all partners, recording meeting minutes, and keeping attendance;
  - Performing other logistics-related tasks as relevant.
5. Prepare Tier 1 and Tier 2 project proposals to fund IF activities according to the work plan in conjunction with the NSC, Donor Facilitator, and IF Agencies.
  6. Monitor and manage EIF activities, including implementation of existing Tier 1 and Tier 2 projects, in close collaboration with entities selected for project implementation/execution, key government agencies and development partners, by:
    - Work with Tier 1 and Tier 2 Appraisal Committees (TAC1 and TAC2) in approving projects, including calling meetings, organizing and distributing materials and taking minutes.
    - Communicating directly with project implementing partners to receive project updates;
    - Integrating EIF monitoring and evaluation systems with M&E systems from existing projects to track the progress of existing IF programs, including those supported by the IF Trust Fund;
    - Managing proposals for EIF activities submitted by partner organizations;
  7. Update all relevant government entities and committees, partner organizations, the NSC and IF Agencies (as per the National Implementation Arrangement in Attachment 2) on progress made in the EIF, by:
    - Presenting to relevant Ministries and specific committees (e.g., the Private Sector Working Group, the Trade Sub-Committee, and other relevant existing coordination groups) on the progress of EIF activities.
    - Tracking technical and financial progress of the implementation of EIF activities and projects in quarterly and annual reports to be distributed to all relevant partners.
    - Preparing mid-term reviews and evaluations of the EIF process in Mozambique at the request of the IF Board and IF Steering Committee.
    - Making all meeting minutes, PowerPoint presentations, and relevant reports available on an IF Mozambique website.
  8. Works with all relevant partners to advocate for, and assist in, the inclusion of a trade integration strategy and its priorities in the PARPA and national development plans, including:
    - Giving presentations, and organizing conferences, seminars, and other events to raise awareness among Ministries, the private sector, and civil society on the relationship between trade, economic growth, and poverty reduction.
    - Providing background information and advice on sectoral and cross-sectoral trade issues, including regional trade dimensions, in cooperation with IF line Ministries, such as the Ministry of Agriculture.
    - Updating the MIC website with information on IF-related issues and activities in Mozambique.
  9. Report to the IF Focal Point at MIC on the progress of all NIU activities.

The NIU shall be responsible for the following deliverables:

1. PowerPoint presentations from government and donor coordination meetings;
2. Agendas and minutes for all EIF-related meetings;
3. Quarterly reports that detail meetings held and track the progress of trade activities implemented by all partners as part of the national trade sector-wide strategy;
4. Mid-term reviews and evaluations of the IF process in Mozambique at the request of the IF Board and IF Steering Committee;
5. A consistently updated website with all reports, agendas, minutes, presentations and other documents related to the process.

## Attachment 1 – Additional Activities the NIU should undertake

1. Raise awareness among Ministries, the private sector and civil society on the relationship between trade, economic growth, and poverty reduction with the aim of ensuring that agreed priorities are integrated into the PRSP/national development plans, relevant line ministry plans and the national budget.
2. Facilitate intra-governmental and donor coordination, as well as public-private sector dialogue on trade development, using proper consultation processes such as the PARPA, other national development plans and private sector development programs.
3. Advise on sectoral and cross-sectoral trade issues, including the regional trade dimension, involving meaningfully the IF line Ministries, such as Agriculture, Public Works and Communications, etc.
4. Identify the preparation of diagnostic work to be carried out in partnership with other Ministries. This can range from full-fl edged DTIS or DTIS updates to more narrowly specified analytical work that is required as a follow-up to the DTIS or to assist project identification/preparation.
5. Select, in consultation with the ES, one of the six IF core agencies, or other partners, according to their competence, that will assist in the preparation of the diagnostic work. To facilitate programming needs, the NIU would inform the ES on its diagnostic needs and request agency help as soon as possible, with a six-month previous notice.
6. Work with implementing partners to turn priorities in the action Matrix into "bankable projects", including Tier 2 projects and projects for the financial consideration of bilateral and multilateral donors. Implementing partners is broadly understood to mean Ministries, other LDC Government entities, the private sector, civil society, NGOs and other development partners.
7. Maintain and promote the dialogue between the national authorities and bilateral and multilateral development partners with a view to achieving a coordinated and comprehensive support to the implementation of the country's trade integration strategy, and its inclusion into the country's national development strategy (PRSP).
8. Recommend to the NSC, through the Focal Point, prioritized areas for IF actions and elaborate strategies of intervention.
9. Implement the national IF sensitization/communication activities aimed at enhancing support and involvement by local stakeholders.
10. Monitor the implementation of the overall trade integration strategy, including the implementation of programs supported by the IF Trust Fund, in close collaboration with key government agencies (e.g., Ministry of Planning) as well as development partners (e.g., donors and IFIs). This would include the integration of an IF monitoring and evaluation system into existing systems for monitoring development programs.
11. Report on progress of IF implementation at relevant government coordination meetings (e.g., PRSP, national development plans, Private Sector Development Program, etc.) where they exist. Where these do not exist, organize quarterly meetings.
12. Report on IF implementation progress to the NSC and to the ES.
13. Prepare an inventory of all ongoing and planned TRTA projects in the country, if existing capacities allow for it.
14. Organize IF implementation meetings, in consultation with local stakeholders including donors, to assess IF progress at the country level.

Coordinate mid-term reviews and evaluations of the IF at the request of the IF Board and IFSC.

## Annex 3 – Interim EIF Road Map for Mozambique

Tasks		Completed	Immediate (1-3 Months)	Medium Term (3-6 Months)	Long Term (6-8 Months)
<b>1</b>	<b>Clarify National Implementation Arrangement (NIA)</b>				
	Meet with Donors (TSC of PSWG), discuss and agree upon options for EIF				
1.1	NIA, present and agree with NSC	X			
1.2	Produce diagram of NIA	X			
1.3	Identify Donor Facilitator	X			
1.4	Produce interim road map	X			
1.5	Send letter to EIF Secretariate outlining NIA and other items	X			
<b>2</b>	<b>Establish National Implementation Unit</b>				
2.1	Draft terms of reference for National Implementation Unit	X			
2.2	Review TOR with NSC	X			
2.3	Send TOR to EIF Secretariate for review and approval		X		
2.4	Issue tender for NIU		X		
2.5	Select winner of NIU tender		X		
2.6	Contract NIU		X		
2.7	Begin implementation of NIU		X		
<b>3</b>	<b>Create Five Year Work Program</b>				
	Validate participation in NSC - send letters to each Ministry and participating member to reconfirm participation		X		
3.1			X		
3.2	Hold sensitization conference on EIF in Mozambique		X		
3.3	IF Familiarization visit to Geneva and IF country		X		
3.4	Formalize TAC 1 and TAC 2		X		
3.5	Add additional actions and steps to work program		X		
3.6	Seek approval of work program by NSC and EIF Secretariat		X		
3.7	Begin implementation of work plan		X		
<b>4</b>	<b>Update DTIS and Action Matrix</b>				
4.1	Terms of Reference developed for updating of DTIS			X	
4.2	Send TOR to EIF Secretariate for review and approval			X	
4.3	Tender issued for updating of DTIS			X	
4.4	Select winner of NIU tender			X	
4.5	Contract NIU			X	
4.6	Begin updating of DTIS and Action Matrix			X	
4.7	Conference on updated DTIS			X	
<b>5</b>	<b>Identify and prioritize areas for assistance</b>				
5.1	Work with NIU and NSC to identify priority areas for assistance				X
5.2	Develop project proposals for assistance				X
5.3	Review proposals with EIF Secretariate				X
5.4	Issue tenders for proposals				X
5.5	Select and contract winners				X
5.6	Implement proposals				X