

PEOPLE'S REPUBLIC OF MOZAMBIQUE
MINISTRY OF AGRICULTURE
DNEA
(National Directorate of Agrarian Economy)

AGRICULTURAL PLANNING IN MOZAMBIQUE:
REVIEW, TECHNICAL ASSISTANCE NEEDS AND A PROPOSAL FOR
INSTITUTIONAL SUPPORT

Maputo, September 1986

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1. INTRODUCTION

This document presents an overall review of developments in agricultural planning in Mozambique since Independence with a view to identify technical assistance needs and provide background information for the proposed institutional support programme.

Mozambique is passing through a crisis period where the need for reinforcing the capacity for directing the economy in an efficient manner assumes strategic importance. In this context institutional support through the provision of technical assistance is indispensable. The need for substantial planning assistance support to the Ministry of Agriculture was therefore stressed during seminars in late 1985 and in the beginning of 1986 where the FAO and MONAP agricultural development programmes were analyzed. World Bank missions to Mozambique in early 1986 confirmed their agreement with the above conclusion; and also UNDP has in discussions on the 1987-91 Country Programme (CP III) encouraged the Government to devote resources under the Indicative Planning Figure (IPF) to activities designed to make more effective use of external aid from all sources and to develop the country's capacity to formulate, implement, coordinate and evaluate development plans and projects. Finally, a number of bilateral donors are in connection with the development projects they fund naturally concerned with the capacity of the agricultural planning system of the country.

It is recognized that there was need to provide donors with a document outlining more clearly the overall framework and perspective for agricultural planning. The National Directorate of Agrarian Economy (DNEA) of the Ministry of Agriculture has therefore elaborated the document, which is hereby presented.

The planning assistance programme which is proposed is rather big, but three considerations must be borne in mind in this regard. First, the severe scarcity of trained national staff makes necessary the presence of a considerable number of expatriate staff if planning efforts are to have a significant impact. Secondly, the mere size of the country's agricultural development programme, the multiplicity of organizations and entities putting forward proposals and taking initiatives and the sheer importance of Government intervention in the economy, make a properly staffed, comprehensive planning system a sine qua non of successful agricultural development and transformation. Thirdly, this document presents an overall review, not an immediate action plan. Such a plan will have to be thrashed out through specific project documents based on donor reactions. It is nonetheless important that such projects contribute in an effective but gradual manner towards the realization of the general goals referred to here.

The document focus on the planning assistance needs of DNEA and at provincial level, and the overriding objective is institutional development. The strengthening of other departments of the Ministry of Agriculture is not discussed. Yet, it goes without saying that a proper balance between DNEA and other departments must exist. Furthermore, the document does not specify the planning assistance required for the detailed preparation, implementation and monitoring of major investment projects.

Coherence in the country's agricultural investment programme would require that all projects are channelled to one unit for economic appraisal and examination of consistency with the overall strategy and policies. In the proposed planning system these

tasks would be carried out by the Projects Department. On the other hand, coherence of the investment programme does not presuppose that the Department of Projects cover the whole project cycle. In fact, project identification will continue to be done by all entities involved in the agricultural development process of the country. Preparation of investment projects must under existing circumstances be carried out to a large extent by specialized expatriate firms and agencies, under the technical supervision of the relevant Ministry Directorates and overall coordination by DNEA.

It is a long term goal that detailed, continuous monitoring of agricultural development projects of a certain dimension be carried out by a single unit at central level. This is unrealistic at present. It is therefore proposed that the Projects Department concentrates on evaluating projects at specific points in time besides providing methodological support to monitoring efforts at various levels. Such efforts could obviously include consultancies as well as the assignment of expatriate experts depending on existing gaps and donor wishes.

With reference to the funding of the proposed programme it would be convenient from an operational perspective that each of the projects were financed in their entirety by one donor, but this is not strictly necessary. Depending on donor preferences schemes for joint participation in the operation/financing of the individual projects could be devised. Yet it would be inconvenient to merge the projects in the programme. This is so for operational reasons as well as to ensure the proper integration of the projects into the structures of the Ministry through which coordination of project activities should take place.

2. DEVELOPMENTS IN AGRICULTURAL PLANNING 1975-86

2.1 Independence and Commencement of Agricultural Planning (1975-77)

Mozambique inherited at Independence in 1975 a distorted economy characterized by:

- economic integration with neighbouring countries in which Mozambique was to a large extent a service economy dependent upon the provision of transport services and the supply of migrant labour;
- production of primary commodities destined for export (cashew, cotton, sugar, copra and tea) which was linked with some elementary processing industries;
- a colonial system based on temporary migration and with internal production oriented towards meeting settler needs.

This economy had been managed by a foreign commercial sector through direct production and ownership of modern farms, through marketing control of cash crops produced by the traditional sector and through control of food imports.

The Lusaka Agreements of September 1974 between FRELIMO and the Portuguese Government triggered off a massive exodus of the settlers leaving the modern sector without management and skilled labourers. In addition, an intense series of actions aimed at destabilization of the economy was waged.

A decree of February 1975 specified that in cases of proven acts of sabotage the provisional government could transfer management of farms or other economic units to an administrative commission and following Independence the State took over a large number of farms which were in a state of collapse or abandoned. In the short term agricultural planning became therefore directed towards the urgent need to manage the newly nationalized farms. Very rudimentary production plans were elaborated to guide operations and obtain the necessary credits from the Bank.

At the level of the Ministry of Agriculture a planning unit, which was later to become the National Directorate for the Organization

of Collective Production (DINOPROC), was established.

Other institutions included Offices for Support to Production (GAPPO), which were established in provinces with significant state farm activity, and planning nuclei at the Provincial Directorates of Agriculture (DPAs), which would in these years mainly assist the cooperative sector. Activities were concentrated on supervising and assisting respective production units in elaborating their operational plans. These plans were subsequently submitted to DINOPROC for analysis and final approval before inclusion in plans for the state and cooperative sectors.

2.2 Consolidation of Centralized Agricultural Planning (1977-82)

At the Third Congress of FRELIMO in 1977 basic economic strategies and policies were defined and particular emphasis was placed on the establishment of a centrally planned economy. The development and consolidation of a state sector which "determines and dominates the economic process" became a key target for economic policy.

Consequently, a National Planning Commission (CNP) was established in May of 1978. The banking sector was partly nationalized and the state budget became the principal instrument of financial policy. Annual Central State Plans (PECs) based on a system of material balances have been elaborated from 1979 onwards. A 10-year Indicative Prospective Plan (PPI) was approved in December of 1981 with the intention of fragmenting this plan into a set of annual and pluri-annual plans. In practice, however, work has concentrated on annual plans.

Within the Ministry of Agriculture responsibility for the agricultural sector plan was assigned to a Planning Office which, based on general guidelines from the CNP, elaborated detailed physical targets and allocated available resources by sub-sectors, provinces and enterprises. These plans were discussed with the various branches of the Ministry of Agriculture which would in turn prepare their counterproposals in consultation with provincial organs and enterprises.

The planning process was supposed to be based on a dialogue between central and local levels. In practice, however, planning during these years did not follow this principle effectively. The

Fourth Congress of Frelimo noted: "We have been unable to involve local authorities and workers in this overall planning process. Thus even today (i.e. 1983) for many of us planning ends in the Central State Plan and in the National Planning Commission". The scope of the planning concentrated on the organization and expansion of the state sector whose dynamic role in transforming society was underlined. Little room was left for flexibility in planning and economic management at provincial level. Targets were generally set centrally on the basis of assumed norms which were in fact unrealistic, and delays in conveying them to local levels (provinces, districts and enterprises) were experienced.

While the degree of centralization in plan preparation and the focus on the state sector, became the subject of much debate at the Fourth Congress of Frelimo, planning per se was not questioned. The Congress noted that "planned work and planned living are already beginning to be Mozambican characteristics (and) this is a major victory for the building of socialism in our country". Subsequent methodological work has taken the early methodologies for plan elaboration and control prepared in 1980 as their starting point.

2.3 Economic Difficulties and Decentralization (1983-86)

During the first six years after Independence (1975-81) the Mozambican economy showed some hopeful signs of recovery and grew at a rate similar to population growth. Since 1981, however, the economic situation has deteriorated so rapidly that the country has now become to a large extent dependent on foreign aid for economic survival.

The decline in Gross Social Product (GSP) reflects poor performance in all sectors resulting from problems in economic management and a series of exogenous factors such as foregone exchange earnings due to border closure, diversion of in-transit trade and reduced remittances from workers in South African mines; disruption of the transport network and destruction of economically vital works by armed bandits; and an unfortunate sequence of serious natural calamities. The combined effects of these factors on the country's social and economic development programmes have been devastating. The PPI formulated for the 1981-90 decade has become largely outdated as an operational planning device although various investment programmes identified in the PPI are being pursued. Guidelines for the annual plans have increasingly put emphasis on the need to "manage the country from a perspective of war" and the desirability of transferring more decision making power from central to provincial levels in line with Fourth Congress directives.

The Fourth Congress noted that "through developing the provincial plans and budgets the process of decentralizing authority and responsibilities must be continued (and) the extension of planning to the district, turning the district into its main base, is the

struggle we must take forward in the short and medium term".

Consequently, central Ministry of Agriculture units should limit themselves to distributing overall plafonds and guidelines to the Provincial Directorates of Agriculture (DPAs), which have assumed in principle the basic role of preparing the quantified agricultural components of the provincial plans for submission to CNP with information to the Ministry of Agriculture as appropriate for final analysis and approval.

While some decentralization efforts have therefore taken place it remains that central organs keep control over "big" (strategic and/or regional) projects and related investment funds, leaving provincial authorities to control "small projects" and funds under the recurrent annual budgets of the province. It is in this context important that provincial authorities have not had so far allocations of foreign currency to effectuate direct importations.

Furthermore, the DPAs do not at all have the necessary staff and facilities not to mention the almost complete absence of qualified staff in District Agricultural Offices (DDAs). The DDAs and the DPAs are therefore very poorly equipped to direct and plan local development and to monitor and assess the realization of plans and projects. Yet another problem is that corresponding institutions like provincial and district directorates of finance and banking are hardly in a position to meet minimum requirements for effective decentralized planning. A relatively high degree of central intervention in the process therefore continues, to ensure a minimum degree of plan fulfilment.

3. INSTITUTIONAL FRAMEWORK

3.1 National Planning Commission

The Government's central planning institution is the National Planning Commission (CNP) established in 1978. CNP coordinates the preparation of central state plans before presentation to the Council of Ministers and approval by the People's Assembly. Subsequently CNP monitors plan implementation, collects necessary data and reports from branch ministries and provincial authorities and prepares economic analyses. It is CNP which establishes the general guidelines and methodologies to be followed by individual ministries in the planning process and which together with the Ministry of Finance ensures that the state budget and plan are consistent.

Until the recent creation of a Ministry of Cooperation CNP was organized in four Directorates/State Secretariats: Planning, for the preparation and control of plans; Statistics, for the gathering of all relevant data for monitoring plan implementation and socio-economic development; Physical Planning, ensuring the rational spatial implementation of plans; and International Cooperation.

The Directorate of Planning has an agricultural section which is directly responsible for matters relating to the agricultural sector.

3.2 Ministry of Finance

The Ministry of Finance prepares central government budget proposals which in addition to recurrent and investment expenditures of central government agencies includes investment expenditures and current transfers to and from state companies. The Ministry also supervises the elaboration of provincial budgets and the necessary

transfers from central government to the provinces. The Ministry of Finance finally participates in the formulation of credit and price policies.

The Ministry of Finance comprises Directorates of Budget (responsible for preparing and implementing the state budget) and Audit (which inter alia establishes and monitors an accounting system in all economic units) as well as a Prices Department which is the executive arm of the National Commission of Prices and Salaries.

3.3 National Commission of Prices and Salaries

The Commission, which is headed by the Minister of Finance, is charged with the responsibility for proposing price policies to the Council of Ministers and for monitoring their implementation after approval. The prices of some items are fixed by the Council of Ministers but most are set by the Commission which in addition establishes guidelines to be followed by branch ministries and provincial governments in setting prices of products under their jurisdiction.

3.4 Bank of Mozambique

The Bank of Mozambique performs central banking functions but in addition proposes credit, interest and exchange rate policies. The credit policy is guided by the Annual Plan on the basis of which the Bank in coordination with the Ministry of Finance establishes targets for credit expansion.

The Bank of Mozambique inter alia provides credit to the cotton, copra, sugar and sisal sub-sectors whereas other credit to the agriculture sector is supplied and administrated by the People's Develop-

ment Bank (BPD). The links between the BPD and the borrowing unit are the annual plans and the DPAs.

3.5 Ministry of Agriculture

The Ministry of Agriculture was recently reorganized to respond better to present needs. The main characteristic of the reorganization is the establishment and/or consolidation of six National Directorates: Agrarian Economy, Rural Development, Agriculture, Livestock, Forestry and Fauna and Human Resources. Departments of International Cooperation and Administration and Finance exist besides a number of units with more specific functions. The Secretariats of State for Cashew, Cotton and Agricultural Hydraulics remain. Detailed statutes are being prepared.

The following institutions are also sub-ordinated to the Ministry: the National Institute for Agronomic Research (INIA), National Institute for Veterinary Research (INIV), Institute for Animal Breeding (IREMA). A Centre for Forestry Research forms part of the National Directorate of Forestry and Wildlife.

3.6 Provincial and District Authorities

At provincial level the Directorates or Commissions of Planning, Finance and Agriculture as well as other similar institutions are under double sub-ordination reporting both to the Provincial Governor and respective Ministers. The DPA is appointed by the Minister of Agriculture and has the responsibility for supervising and coordinating agricultural activities in all social sectors of the Province in accordance with norms and policies defined by the

Government.

The DPA prepares the agricultural component of the annual provincial plan for submission to the Provincial Planning Commission and central Ministry of Agriculture units. The structure of the DPA does not follow a strict standard pattern and the lack of qualified staff pose, as already mentioned, severe constraints on the actual functioning of the DPA offices. The same constraints are much more pronounced at district level where even the District Administrator would not normally have more than a few years of schooling. Furthermore, as soon as staff gains minimum qualifications they are often transferred to higher levels.

To maximize the impact of available resources a number of key districts were identified and grouped into strategic agricultural regions following the Fourth Congress. Regional direction units have therefore in some cases been established at local level. While these units in principle report to the DPA there has been a tendency to bypass this latter institution.

4. NATIONAL DIRECTORATE OF AGRARIAN ECONOMY

4.1 Structure, Functions and Staffing

Within the Ministry of Agriculture it is the National Directorate of Agrarian Economy (DNEA) which has responsibility for economic planning and related matters. Specific functions of DNEA include:

- direct the process of elaborating and implementing annual and pluri-annual agricultural plans;
- monitor annual plan implementation and propose pertinent modifications;
- study and propose prices for agro-livestock products;
- elaborate and maintain statistics on agricultural activities;
- execute economic and financial studies related with all economic activities of the agricultural sector;
- programme, evaluate and monitor development projects making them compatible with annual and pluri-annual plans;
- analyze and monitor international cooperation programmes and foreign investment in development and rehabilitation projects in the agricultural production sector;
- audit the finances of state enterprises and organs subordinated the Ministry of Agriculture and propose corrective measures as required.

The basic functions of DNEA are therefore rather well defined and fully in line with standard tasks of Ministry of Agriculture planning departments.

It follows from the above functions that DNEA is a crucial link between the Ministry of Agriculture on the one side and other central government institutions (CNP, Ministry of Finance, Bank of Mozambique and National Commission of Prices and Salaries) on the other.

In addition, DNEA relates to provincial and local authorities (in particular the DPAs) and enterprises as well as to multi and bi-lateral donors and institutions.

In carrying out its responsibilities and satisfying the demands from CNP, Finance, etc. for plans, projects, studies and data, DNEA encounters a serious lack of qualified staff. Even day-to-day routine duties cannot be adequately dealt with by the staff now in post, whose numbers are shown in Table 4.1 below.

TABLE 4.1 : DNEA staffing

	NATIONALS	EXPATRIATES	TOTAL	VACANCIES
Professionals	5 ¹⁾	7 ²⁾	12 ³⁾	4 ⁴⁾
Technicians/Clerks	7 ⁵⁾	-	7	-
Administration	2	1	3	-
Support	12 ⁶⁾	-	12 ⁶⁾	-
TOTAL	26	8	34	1

- 1) Of whom one is on long term study leave and one assigned to other duties outside DNEA.
- 2) Two MONAP cooperants, one Soviet cooperant, one SIDA and three FAO experts.
- 3) In addition, three expatriates (two MONAP cooperants and one UNV) work with the establishment of a national system of accounts and analyses of enterprises, one expatriate (MONAP cooperant) is executing complementary duties in BOROR E.E. and one national and two expatriates are responsible for a training programme for managers of commercial enterprises.
- 4) One SIDA economist. A candidate has been selected and cleared. Entry on duty yet to be determined.
- 5) Includes one basic level technician, two staff with 6th to 9th grade schooling and four with 9th to 11th grade.
- 6) Of whom six are typists or secretaries and two drivers.

The areas where activities have been concentrated so far are commented on below.

4.2 Annual Planning

Direct responsibility for preparing the annual agricultural plan and monitoring its implementation is assigned to the Department of Planning presently headed by the Deputy National Director and with an additional staff of eight of whom two are expatriate cooperants and the rest Mozambican staff without university degrees. The Department is divided into five sections corresponding to the various sections of the Plan: Production and marketing, material supplies, investments and mechanization, finance and labour force.

DNEA discusses with CNP plafonds, annual planning methodology and general guidelines for the coming agricultural year and participates in the establishment of targets for the sector as a whole. These are subsequently allocated by Province. It is in principle the DPAs who prepare the detailed agricultural components for inclusion into the provincial plans, which are submitted to CNP with a copy of the agriculture sector component to the Ministry of Agriculture for consolidation into an overall sector plan. Final financial and material requirements are calculated and after CNP approval decisions are communicated to the Provincial authorities.

The Department of Planning is also responsible for revising and developing annual planning methodologies consistent with general CNP guidelines. Periodic reports are prepared on short-run developments

in plan implementation. Material input supplies, distribution of equipment as well as expenditures under recurrent and capital budgets are monitored and appropriate adjustments suggested.

The Department of Planning has so far received limited external assistance. Presently one MONAP and one Soviet cooperant are assigned (plus one MONAP cooperant on temporary basis who is normally assigned to the department of projects).

4.3 Projects

The Department of Projects has so far comprised three units: monitoring, office for studies and projects (GEP) and a support unit, with a total staff of nine of whom one is a Mozambican economist. Three are expatriate professionals (one MONAP cooperant, one SIDA and one FAO expert) and the rest are national support staff. One expatriate post (SIDA) is vacant.

To assist the MONAP cooperant in enterprise management in the establishment of a national system of accounts and in enterprise analysis (ref. Table 4.1) a second MONAP cooperant and one UNV are assigned to this task.

The Department was better equipped in the past, with Nordic financed assistance. Present activities are limited, and to establish the Department as a central unit where all development projects under the Ministry of Agriculture are appraised as well as to carry out its other functions effectively, presupposes a strengthening in staff and other resources.

4.4 Other areas

DNEA has also had a Department of Prices and a Department of Informatics. The Prices Department was staffed with one national economist only, who is currently on long-term study leave. Work has during the past year concentrated on the analysis of the effects of liberalizing vegetable prices and a number of related studies.

The Department of Informatics operated between 1982 and 1985, concentrating on systems analysis and training with a view to the establishment of an integrated informatics system using terminals at the University and at SOCIMO. Due to the fact that the necessary funding for computer hard and software had not been obtained two co-operant posts were however cancelled in 1985 and the trained national staff (two programmers and some operators) were assigned other tasks. While a central data unit continues to be a final goal, there is now increasing emphasis on establishing as a start an information system where each Department will have its own data processing facilities utilizing PC type computer equipment.

There has been no organized follow-up to a previous UNDP/FAO project (MOZ/75/012 - Agricultural statistics) which came to an end in September 1982. It is however obvious that collection and maintenance of agricultural statistics is required for the implementation of DNEA's tasks.

5. PROPOSED INSTITUTIONAL SUPPORT PROGRAMME

5.1 Planning as a System

Investment projects are often defined as the building blocks of agricultural development. In keeping with this metaphor, perspective planning could be viewed as providing the structural design, while programme and policy formulation would supply the functional characteristics and internal decoration, and annual planning the cement that binds the building together. Policy analysis, plan, programme and project monitoring would correspond to the surveyor's work, and technical cooperation to the provision of the necessary design and building expertise when in short local supply.

Agricultural planning - like building - can hence be viewed as a system: a totality consisting of various functionally related parts. This has important implications for the institutional development of planning in DNEA. Although great realism and modesty imposed by present conditions in Mozambique, is required, consolidation demands simultaneous support to the various parts of the planning system.

With the support of foreign assistance, Mozambique could envisage the gradual establishment within four to six years of a modest but rather comprehensive agricultural planning system. It could be grouped into four offices which would form the basis of DNEA: a perspective planning and policy analysis unit; a projects unit; an annual planning unit; and a statistics unit, in addition to provincial planning offices.

5.2 Functions of the Planning System

The functions of the four units making up the planning system at the national level could be as follows:

- i. Perspective Planning and Policy Analysis Unit
 - a. Carry out agricultural sector analysis
 - b. Coordinate the formulation and periodic revision of the agricultural sector strategy
 - c. Formulate agricultural and rural development programmes, in collaboration with other Ministry and provincial authorities as appropriate
 - d. Orient and participate in agricultural policy analysis
 - e. Study the impact on agriculture of macroeconomic policy
 - f. Prepare basic economic and financial studies of the agricultural sector.
- ii. Projects Unit
 - a. Carry out economic appraisal of investment projects under the Ministry of Agriculture
 - b. Prepare and provide guidance in the elaboration of technical assistance projects to the Ministry
 - c. Prepare terms of reference for, provide support to and monitor the work of investment project preparation by expatriate firms and agencies in collaboration with other Ministry units
 - d. Develop methodologies and formulate norms for the preparation of investment and technical assistance projects by the various Ministry of Agriculture units
 - e. Carry out periodic evaluations of the execution of agricultural investment and technical assistance projects

- f. Carry out impact evaluations of agricultural investments and technical assistance projects
- g. Coordinate project monitoring activities including the development of uniform methodologies
- h. Carry out economic analysis of economic units until an enterprise unit dealing with this field of activity is established.

iii. Annual Planning Unit

- a. Orient and participate in the preparation of the annual agricultural plan and its various components including in particular:
 - production and marketing
 - supply of material inputs
 - investments and construction
 - labour force
 - foreign exchange and external relations
 - budget and finance
- b. Monitor the execution of the annual plan and analyse the short-run evolution of the agricultural sector
- c. Prepare periodic reports on short-run agricultural sector performance and outlook, including proposals for appropriate adjustments such as input reallocations
- d. Improve annual planning methodologies in accordance with overall guidelines from CNP
- e. Orient and participate in Ministry of Agriculture recurrent and capital budget programming and monitoring

iv. Statistics Unit

- a. Collect, scrutinize and consolidate statistical information on agricultural production, marketing, nutrition, food security and other data relevant to DNEA's work

- b. Build up gradually an improved system for the generation of statistical information on agricultural production, including the family sector, suited to the conditions of Mozambique
- c. Run a small documentation and data centre containing the information more relevant to the tasks of DNEA
- d. Monitor the evolution of the cost of production of the main agricultural commodities
- e. Monitor the evolution of the farm-gate prices of the main agricultural inputs and products
- f. Propose price and subsidy levels for food and agricultural commodities under the responsibility of the Ministry of Agriculture with the support of the perspective planning and policy analysis unit as required
- g. Provide statistical analysis and processing services to other units
- h. Undertake special statistical surveys as required.

In addition to the above central DNEA units in Maputo, performing national tasks, the agricultural planning system should also be regionally based with provincial planning units operating within the DPAs and linked to DNEA.

The functions of these units would be:

- a. Prepare an economic base-line study of the agricultural economy of the province
- b. Collect production, marketing, price and other relevant information at the provincial level
- c. Contribute to the preparation of the annual agricultural plan for the province
- d. Monitor the execution of the annual agricultural plan in

the province

- e. Identify agricultural investment and technical cooperation projects in the province
- f. Formulate small agricultural and rural development projects
- g. Prepare specific socio-economic studies
- h. Monitor the impact at the provincial level of agricultural and rural development programmes and policies.

The system would finally require a strong training component that would accompany its development, particularly during the take-off period, until the institutions are consolidated and there is sufficient expertise to carry out the recurrent activities, so that foreign technical assistance can be phased-out or reduced to a minimum. A pluriannual training programme in agricultural and rural development planning with activities at the provincial and central levels should therefore be prepared. It would emphasize in-service training, but also include fellowships for basic and specialization degrees, local courses and seminars, and study travel and stages abroad.

5.3 Support Programme

Clearly, very little of the institutional planning system just outlined exists at present. Of the four units mentioned only the "annual planning" and "project" ones are in operation. They are however, as already explained, weak - the former for lack of trained personnel, the latter for want of personnel tout court.

For the reasons already mentioned, a support programme to DNEA should try to the extent possible to strengthen simultaneously all planning units, both at the central and provincial levels.

Supporting only the central level could create imbalances.

The proposed support programme consists of four projects:

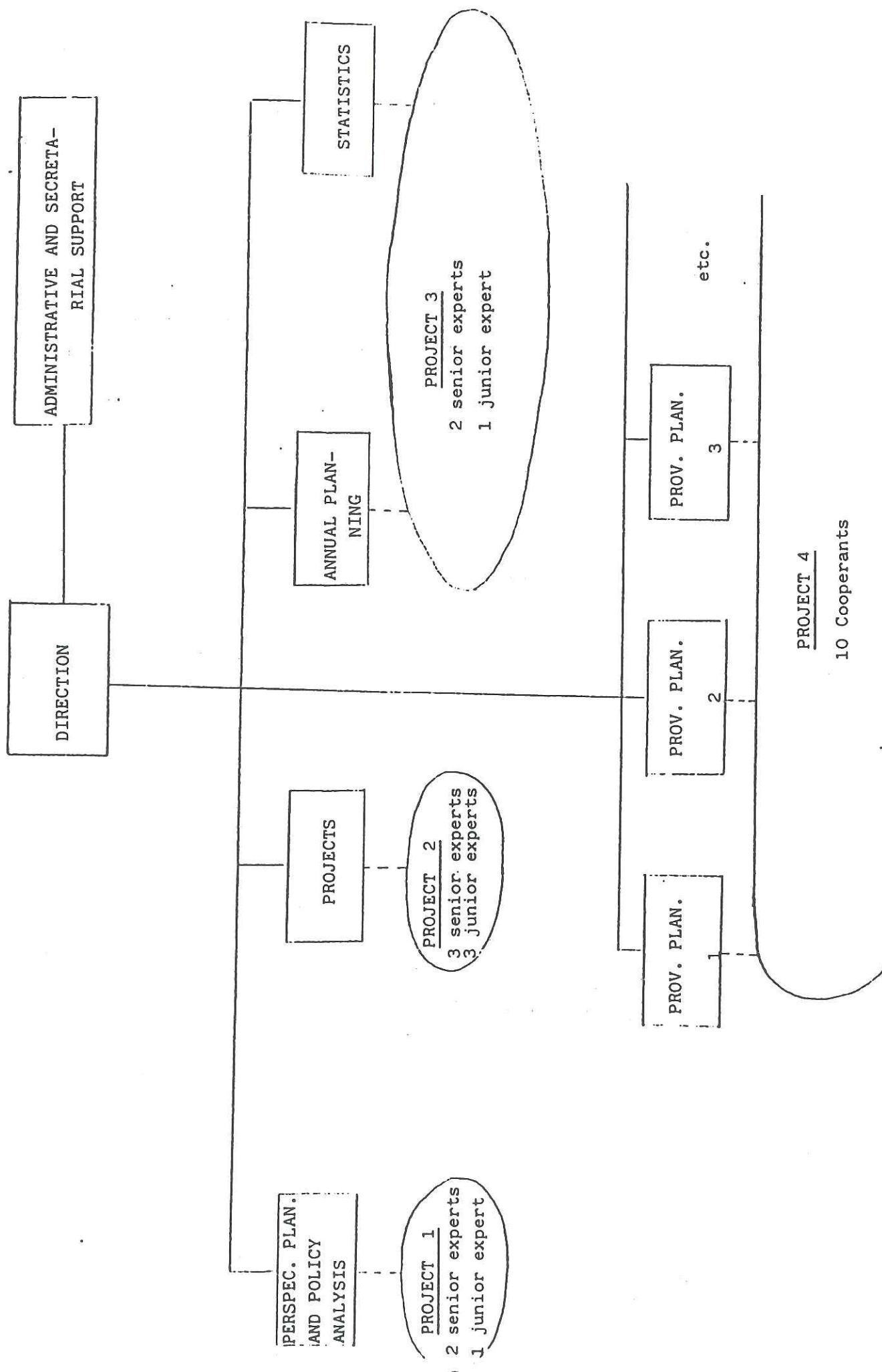
- i. Perspective planning and agricultural policy analysis
- ii. Agricultural project planning
- iii. Annual planning and statistics
- iv. Regional planning and training

Draft project profiles are attached in Annexes 1-4 and their inclusion in the proposed DNEA structure could follow the pattern shown in Figure 5.1 below. The total programme would require a foreign assistance component estimated at US dollar 9.5 million over five years. The four projects would include a total of 7 experts and some 15 junior experts/cooperants, in addition to consultancy services and support personnel. Although the pluri-annual training programme will be prepared in project 4 there will also be training components in other projects to ensure that maximum flexibility and attention is given to this objective.

5.4 Additional Comments

It is the ultimate aim to establish in DNEA a Department of Enterprises, but it is suggested to maintain existing arrangements until needs in the areas of farm management, analysis and training have been more carefully studied and analysed.

FIGURE 5.1: PROPOSED STRUCTURE OF DNEA AND TECHNICAL SUPPORT PROGRAMME



ANNEX 1

1. Project Title : Support to the Perspective Planning and Policy Analysis Unit
2. Government Agency : The National Directorate of Agrarian Economy, DNEA, of the Ministry of Agriculture
3. Duration : 5 years
4. Objective : To create a perspective planning and policy analysis unit within DNEA capable of performing the following functions:
 - . carry out agricultural sector analysis
 - . coordinate the formulation and periodic revisions of the agricultural sector strategy
 - . formulate agricultural and rural development programmes, in collaboration with other Ministry and Provincial authorities as appropriate
 - . orient and participate in agricultural policy analysis
 - . study the impact on agriculture of macro-economic policy
 - . conduct basic economic and financial studies of the agricultural sector
5. Donor Inputs

	Approximate cost 000 US\$
1 Macroeconomist/Planner (expert).....	450
1 Agroeconomist (expert).....	400
1 Economist/Agroeconomist (junior expert/cooperant)	300
Consultants (30 m/m).....	270
Administrative support.....	100
Official travel costs.....	50

Training	200
Equipment.....	100
Miscellaneous.....	100

6. Approximate Cost: US\$ 1 970 000

7. Background and General Characteristics

At present there is no unit in the Ministry of Agriculture directly engaged in the analysis of the overall performance and development of the agricultural sector. The Office of Studies and Projects (GEP) in the Department of Projects has in the past provided some assistance in this regard, but in a very limited way.

The need to build up a certain capacity to do perspective planning and policy and programme analysis and formulation is much recognized. There are continuous demands for advice on programme and policy matters placed on DNEA, which cannot be properly attended to for lack of an adequately staffed unit.

It is expected that the establishment of a Perspective Planning and Policy Analysis Unit will contribute to bringing much needed coherence to the many agricultural and rural development initiatives originating within the Ministry of Agriculture or coming from expatriate cooperating agencies.

Project activities will be flexible and outputs will be action-oriented. The preparation of a formal medium-term agricultural development plan is not envisaged in the immediate future. Support to perspective planning (mostly in the form of promoting and coordinating the preparation of a long-run agricultural development strategy, working with the various technical departments in the preparation

of sub-sectoral programmes and strategies) will be oriented towards more informed and consistent policy-making. Support will also be given to the analysis of short-run agricultural policy matters and to the macrolinks between sectoral and macroeconomic policy.

8. Observations

Given the extreme scarcity of trained personnel in Mozambique the project will not count with technically prepared counterparts. However the Ministry of Agriculture will assign one Head of Department (economist) and two persons with secondary education as project counterparts. Apart from the in-service training of this personnel, on which much emphasis will be placed, the project will provide fellowships to study abroad and will organize other training activities as well.

ANNEX 2

1. Project Title : Support to the Projects Unit
2. Government Agency : The National Directorate of Agrarian Economy, DNEA, of the Ministry of Agriculture
3. Duration : 5 years
4. Objective : To consolidate a projects unit within DNEA so as to enable it to perform the following functions:
 - . carry out economic appraisal of investment projects under the Ministry of Agriculture
 - . prepare and provide guidance in the preparation of technical assistance projects to the Ministry
 - . prepare terms of reference for, provide support to and monitor the work of investment project preparation by expatriate firms and agencies in collaboration with other Ministry units
 - . develop methodologies and formulate norms for the preparation of investment and technical assistance projects by the various Ministry of Agriculture units
 - . carry out periodic evaluation of the execution of agricultural investment and technical assistance projects
 - . carry out impact evaluations of agricultural investment and technical assistance projects
 - . coordinate project monitoring activities including the development of uniform methodologies
 - . carry out economic analysis of enterprises.

5. Donor Inputs :

	Approximate cost 000 US\$
1 Senior Economist (expert).....	450
1 Project Analyst (expert).....	400
1 Project Evaluation (expert).....	400
3 Agro-economists/Economists (junior experts/ cooperants).....	900
Consultancies (30 m/m).....	270
Administrative support.....	100
Official travel.....	70
Training.....	200
Equipment.....	100
Miscellaneous.....	100

6. Approximate Cost : US\$ 2 990 000

7. Background and General Characteristics

The Department of Projects in DNEA was much better staffed in the past through MONAP assistance to GEP (Office for Studies and Projects). At present the Unit is rather weak and unable to perform satisfactorily the functions mentioned above. To reactivate project planning activities in an efficient manner requires a well structured technical assistance project with clearly defined objectives and work plan. Such assistance is necessary to ensure overall coherence in the country's very substantial agricultural investment and technical assistance programmes.

The main thrust of the activities of the projects unit will not be on

detailed preparation of investment projects. Rather, the Unit will concentrate on the economic appraisal of projects, general coordination of the investment and technical cooperation programmes and the preparation of terms of reference and support to formulation activities by expatriate firms and agencies.

Similarly, the Projects Unit will concentrate on evaluation of specific projects at given points in time rather than attempting continuous central monitoring of the implementation of projects. Support will however be provided to monitoring efforts at various levels.

The Projects Unit will have a supportive role in project preparatory work vis-a-vis technical departments of the Ministry which should take the lead. The responsibility for economic appraisal of project studies and the supervision of their coherence with the overall agricultural development strategy and policies rests, however, with the Projects Unit.

The present technical assistance project will provide the support needed in the above strategic areas.

8. Observations

The national economist and secondary education level officers assigned to this Unit will be the project counterparts in the initial phase until more national personnel can be recruited. A Head of Department is already under recruitment.

ANNEX 3

1. Project Title : Support to the Annual Planning and the Statistics Units
2. Duration : 5 years
3. Government Agency : The National Directorate of Agrarian Economy, DNEA, of the Ministry of Agriculture
4. Objectives :
 - i. To consolidate the Annual Planning Unit of DNEA so as to allow it to perform the following functions:
 - . orient and participate in the preparation of the annual agricultural plan and its various components, including in particular: production and marketing; supply of material inputs; investment and construction; labour force; foreign exchange and external relations components; and budget and finance
 - . monitor the execution of the annual plan and analyse the short-run evolution of the agricultural sector
 - . prepare periodic reports on short-run agricultural sector performance and outlook, including proposals for appropriate adjustments such as input reallocations
 - . improve annual planning methodologies in accordance with overall guidelines from CNP
 - . orient and participate in Ministry of Agriculture recurrent and capital budget programming and monitoring

- ii. to support the establishment of a statistical Unit in the DNEA of the Ministry of Agriculture capable of performing the following functions:
 - . collect, scrutinize and consolidate statistical information on agricultural production, marketing, nutrition, food security and other data relevant to DNEA's work
 - . build up gradually an improved system for the generation of statistical information on agricultural production, including the family sector, suited to the conditions of Mozambique
 - . run a small documentation and data centre containing the information more relevant to the tasks of DNEA
 - . monitor the evolution of the cost of production of the main agricultural commodities
 - . monitor the evolution of the farm-gate prices of the main agricultural inputs and products
 - . propose price and subsidy levels for food and agricultural commodities under the responsibility of the Ministry of Agriculture with support of the Perspective Planning and Policy Analysis Unit as required
 - . provide statistical analysis and processing services to other units
 - . undertake special statistical surveys as required.

5. Donor Inputs

	Approximate cost 000 US\$
1 Planning Economist (expert).....	450
1 Agricultural Statistician (expert).....	400
1 Finance and Budget Planning Officer (junior expert/cooperant).....	300
Consultants (30m/m).....	270
Administrative support.....	100
Official travel.....	50
Training.....	200
Equipment.....	100
Miscellaneous.....	100

6. Approximate cost: US\$ 1 970 000

7. Background and General Characteristics

The annual planning unit occupies a central position in the work of DNEA, and is more firmly established than any other unit. The main weakness is the lack of analytic activity and feed back mechanisms vis-a-vis provincial levels to improve the reliability and consistency of plans prepared and data generated.

There is little systematic reporting on the execution of the plan and on short-run performance and outlook of the agricultural sector. Whatever reporting exists is put to little operational use.

Budget and finance activities are limited in scope, and no real programming and monitoring takes place. Development projects which are approved may not even appear in the work programme and budget if expenditures take place outside the country. Expenditure data are used for accounting purposes only, and DNEA does not play an active role

in coordinating the preparation of the Ministry's workplan and budget.

After the termination in 1982 of project MOZ/75/012 - "Agricultural Statistics", compilation and processing of basic statistics in DNEA relevant to agricultural sector development other than those directly connected with the annual plan came to an almost complete halt. Furthermore, DNEA has no proper documentation centre or data bank and the existing archives need considerable improvement.

The activities of the Department of Prices, which is not operational at present, could be conveniently handled by the Statistics Unit assuming that the Perspective Planning and Policy Analysis Unit provide the necessary analytical support. The Statistics Unit would do the monitoring of costs of production and input prices on the basis of which price and subsidy levels are proposed.

The project would provide the assistance required by the Annual Planning and Statistics Units in order to overcome the above gaps and weaknesses. It is convenient that the support to these two units is grouped into one single project due to the closely related nature of their tasks. Project activities will concentrate on analytical and methodological work and outputs will include inter alia a proper programming and budgeting system.

8. Observations

The secondary education level officers assigned to the Department of Planning will be project counterparts in the initial phase until more national personnel can be recruited. A Head department of Planning is under recruitment, and national staff for the statistics unit are also being identified.

ANNEX 4

1. Project Title : Support to the Provincial Planning Units of the Ministry of Agriculture and Training in Agricultural Planning
2. Government Agency : The Provincial Directorates of Agriculture, DPAs, and the National Directorate of Agrarian Economy, DNEA, of the Ministry of Agriculture
3. Duration : 5 years
4. Objectives :
 - i. To support the establishment of a planning capability at the provincial level, within the DPAs, to perform the following functions:
 - . prepare an economic base-line study of the agricultural economy of the province
 - . collect production, marketing, price and other relevant information at the provincial level
 - . contribute to the preparation of the annual agricultural plan for the province
 - . monitor the execution of the annual agricultural plan in the province
 - . identify agricultural investment and technical cooperation projects in the province
 - . formulate small agricultural and rural development projects
 - . prepare specific socio-economic studies
 - . monitor the impact at the provincial

level of agricultural and rural development programmes and policies

- ii. to contribute to the formulation, coordination and execution of a pluriannual training programme in agricultural and rural development planning covering the training needs of the DPAs and the DNEA.

5. Donor Inputs

	Approximate costs 000 US\$
10 Economists/Agro-economists (cooperants).....	1 200
Consultants (15 m/m).....	140
Administrative support.....	200
Official travel costs.....	200
Training.....	500
Equipment.....	150
Miscellaneous.....	200

6. Approximate Cost: US\$ 2 590 000

7. Background and General Characteristics

The lack of qualified staff is the single most important constraint on agricultural planning activities at central and, especially, at provincial level. The planning and economy sections of the DPA offices cannot at all handle satisfactorily their regional planning functions with the existing staff generally limited to 3 to 5 people.

As the regional planning activities described above are of indisputable significance to the well functioning of the national planning system at large, it is of strategic importance that the DPAs are strengthened in line with Government decentralization efforts.

This strengthening has to take place through the combined provision of direct support assistance and training. This does not of course exclude training activities in agricultural planning within the context of other DNEA projects but overall coordination by DNEA would be supported by consultants provided under the provincial planning project.

In view of the need to ensure homogeneity among provincial level project staff and continuity in implementation, it would be convenient that co-operators were recruited from one or two sources (such as a University or a volunteer organization with relevant experience in this kind of institutional cooperation) with which the Ministry of Agriculture could eventually develop more stable links.

Particular attention will be given to a thorough preparation of the co-operators. Before they take-up their posts they should receive intensive training in DNEA for two or three months.

8. Observations

The existing staff in DPA offices will work closely with the co-operators, and the consultants in training will work with all units in DNEA.

ANNEX 5

LIST OF ACRONYMS USED

BPD	: People's Development Bank
CNP	: National Planning Commission
DDA	: District Director of Agriculture
DINA	: National Directorate of Agriculture
DINOPROC	: National Directorate for the Organization of Collective Production
DNDR	: National Directorate for Rural Development
DNEA	: National Directorate for Agrarian Economy
DNFFB	: National Directorate for Forestry and Wildlife
DPA	: Provincial Director of Agriculture
FAO	: Food and Agriculture Organization of the United Nations
GAPPO	: Office for Support to Production
GEP	: Office for Studies and Projects
GSP	: Gross Social Product
INIA	: National Institute for Agronomic Research
INIV	: National Institute for Veterinary Research
IPF	: Indicative Planning Figure
IREMA	: Institute for Animal Reproduction and Breeding
MONAP	: Mozambique - Nordic Agricultural Programme
PEC	: Central State Plan (Annual)
PPI	: Indicative Prospective Plan
SIDA	: Swedish International Development Agency
UNDP	: United Nations Development Programme
UNV	: United Nations Volunteer