

Summary of Terminal Evaluation

1. Outline of the Project		
Country: Mozambique		Project Title: The Project for Development of Local Industry through One Village One Product Movement
Sector: Commerce and Tourism -- Commerce and Trade -- Commercial Business and Revitalization of Rural Economy		Cooperation Scheme: Technical Cooperation
Division in Charge: Rural Development Department, Agricultural and Rural Development Group 1, Team 1		Total Cost: 430 million yen
Period of Cooperation	(R/D): October 17th, 2012	Implementing Agencies: Institute of Promotion of Small and Medium Enterprises
	(Period): January 2013 – January 2017 (48 months)	Supporting Organization in Japan: KRI International Corporation, Unico International Corporation
<p>1-1 Background of the Project</p> <p>Since its recent growth of main sectors such as transportation, telecommunication, construction and agriculture widened the socio-economic gap among the regions, the Government of Republic of Mozambique, puts higher priority to the promotion of local industry, by utilizing the local resources in each of the regions. There are 50,156 registered enterprises in Mozambique, of which more than 98% are categorized into small and medium enterprises including producer groups (SMEs) and invested by local entrepreneurs (Censo de Empresarias: CEMPRE updated in 2015). Most of SMEs are not competitive.</p> <p>Institute for Promotion of Small and Medium Sized Enterprises (IPEME), which was established under the authority of the Minister of Industry and Trade in 2008, supports the promotion and development of activities of SMEs through the expansion of domestic market and encouraging consumption of local products. IPEME has started the CaDUP (Cada Distrito Um Produto; Each District One Product) Program, which was designed from the concepts of One Village One Product movement in Japan. Japan International Cooperation Agency (JICA) dispatched a Japanese expert to IPEME to support the CaDUP Program from 2010 to 2012 for two (2) years. During this “Pilot Phase,” seven (7) SMEs in Maputo, Gaza and Inhambane Provinces received support, and tentative CaDUP framework was developed. The Government of Mozambique requested to the Government of Japan to extend “the Project for Development of Local Industry through One Village One Product Movement (hereinafter referred to as the Project)” to develop capacity of IPEME staff to lead the SME promotion. The Project started in January 2013, and the Mid-term Review was conducted in 2015.</p> <p>1-2 Project Overview</p> <p>In the target five (5) provinces (Maputo, Gaza, Inhambane, Nampla and Manica), SMEs are promoted through the establishment of framework of CaDUP Program by clarifying the process of CaDUP</p>		

<p>Program, strengthening the capacity of IPEME staff and supporting SMEs.</p> <p>(1) Overall Goal By deepening and disseminating One Village One Product program, business of targeted SMEs are maintained or developed.</p> <p>(2) Project Purpose CaDUP implementation procedures and structures for Mozambique are well established in the target areas.</p> <p>(3) Outputs</p> <ol style="list-style-type: none"> 1. CaDUP framework is established in the target areas. 2. Capacity of the staff members of the CaDUP implementation agencies is enhanced. 3. Appropriate supports to the SMEs are provided in the target areas. 4. The knowledge and experience of the CaDUP are shared among the target areas and the other provinces. <p>*1 Activities in Maputo, Gaza and Inhambane Provinces are implemented by joint initiative of IPEME and JICA, and in Nampla and Manica Provinces by initiative of IPEME utilizing experience and lessons of the three (3) provinces.</p> <p>*2: Main implementing agency is IPEME, cooperate with Provincial Directorates of Industry and Trade (DPICs) in provinces and District Services of Economic Activities (SDAEs) in districts..</p> <p>(4) Inputs</p> <p>Japanese side: Total inputs of 430 million yen</p> <p>Short period experts: eight (8) experts Equipment: copy machine, computers etc. Rental of two (2) cars</p> <p>Local cost: 35.6 million yen Training in Japan: 19 trainees</p> <p>Mozambican side:</p> <p>Counterpart : 26 person Provision of facilities: project office and training/seminar rooms</p> <p>Local cost: 1.77 million yen</p>		
2. Evaluation Team		
Japan Side	(1) Mr. Takafumi UEDA (Team Leader) (2) Ms. Maho CHUJO (Cooperation Planning) (3) Mr. Kuniaki KATO (Evaluation and Analysis)	Senior Adviser (Private Sector Development), JICA Deputy Assistant Director, Team 1, Agricultural and Rural Development Group 1 Rural Development Department, JICA Consultant, International Development Solutions Inc.
Mozambique Side	(1) Mr. Claire ZIMBA (2) Mr. Clides Rodolfo LUCAS	General Director, IPEME (Project Director) Directorate of Statistics and Study, IPEME
Evaluation Period	From October 1 st to 22 nd , 2016	Evaluation Type: Terminal Evaluation
3. Result of Evaluation		
3-1 Result of Achievements		

(1) Achievement of Outputs

Output 1: CaDUP framework is established in the target areas.

Output 1 has been achieved. The CaDUP Guideline which indicates the CaDUP framework is published and improved every year, including the CaDUP Operation Manual (video) and the SME Support Kit (Verifiable Indicator (VR) 1). The list of business development service (BDS) and financial service providers is updated every year and utilized for the provision of information to SMEs (VR 2 and 3). The lessons learned on the supports to SMEs are compiled in the progress reports (VR 4). Materials for public relations of the CaDUP Program are developed and released (VR 5).

Especially, the SME Support Kit compiled the results of the pilot project (Output 3), the process of preparation and revision of the Support Kit helped capacity building of staff members (Output 2) and the Kit also worked as a the tool of sharing experiences (Output 4).

Output 2: Capacity of the staff members of the CaDUP implementation agencies is enhanced.

Output 2 has been achieved. Capacity building of IPEME, DPIC and SDAE is promoted through training in Japan and Mozambique, seminars and business skill training, on-the-Job Training (OJT) of supporting SMEs (VR 1). Nine (9) seminars have been held in total from one to three times per year along with 66 training for CaDUP staff members (VR 2). Two (2) focal points of each DPIC and SDAE cooperated and promoted CaDUP Program in collaboration with IPEME. SDAEs promoted the SMEs' registration for CaDUP Program (VR 3 and 4) and the frequency of communication between SMEs and SDAEs is increased (VR 3). The CaDUP Guideline, CaDUP Operation Manual (video) and SME Support Kit are used by DPICs and SDAEs without difficulties (VR 5). As a result, the collaborative relationship among IPEME, DPIC and SDAE was established, and the supporting activities by SDAEs and dissemination of the Program by DPICs for other districts among provinces were promoted. Output 3: Appropriate supports to the SMEs are provided in the target areas.

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Output 3 has been achieved. Scope of supports by the CaDUP Program is set as business diagnosis, consultative service and provision of information with BDS list (VR 1). After selecting nine (9) districts from the target three (3) provinces as the target districts, supports, such as business skill training to 180 SMEs and assistance to partner SMEs, were provided (VR 2). More than 80% of the participants were satisfied with the content of the training (VR 3). Although 54.5% of the partner SMEs increased the net profit, which is below the target of 60% because of the deteriorating economic condition (VR 5), about 90% of the participants have implemented what was learned such as record-keeping, improvement of products and marketing (VR 4). Certificates of completion of technical support were issued to 30 partner SMEs, among which five (5) SMEs built capacity enough to accept study tour and to share their good practices with other SMEs (VR 6). 180 SMEs that participated at least three (3) sessions of business skill training received certification (VR 7).

Output 4: The knowledge and experience of the CaDUP are shared among the target areas and the other provinces.

Output 4 has been achieved. From Nampula and Manica Provinces, where pilot project was not implemented, DPICs and SDAEs participated in all the training, seminars and JCCs, and are implementing the CaDUP Program by themselves (VR 1). CaDUP Guideline was finalized and published

as Secod Version (2016 October) (VR 3). The knowledge and experience of the CaDUP have been shared among all the districts of the five (5) target provinces through Dissemination Seminar (2016 June) and Follow-up Seminar (2016 August) and among ten (10) provinces in the CaDUP National Seminar on October 13th, 2016 (VR 4). CaDUP fair is organized along with CaDUP National Seminar (VR 2).

(2) Achievement of the Project Purpose

CaDUP implementation procedures and structures for Mozambique are well established in the target areas.

The Project Purpose is likely to be achieved by the end of the Project period.

The CaDUP Guideline along with the CaDUP Operation Manual (video) and the SME Support Kit indicates organizational structure and the procedure of supporting SMEs (VR 1). The structure and implementation procedure of the Program are established in Maputo, Gaza and Inhambane Provinces through Outputs 1, 2 and 3, and applied to Nampula and Manica Provinces by Output 4 (VR 2). DPICs and SDAEs of Nampula and Manica Provinces attended the training and seminars held by JPT and IPEME. They are already providing support to SMEs by using the SME Support Kit, and has started disseminating to other districts in the provinces than the target districts. It is recommended to apply CaDUP approach to other SME support policies and to share the SME support tools developed by the Project with OVOP projects in other countries.

3-2 Review based on the Five Criteria

(1) Relevance: The relevance of the Project is evaluated as high from the following results.

The Project meets the needs of the improvement of management capacity of SMEs. Although CaDUP Program *per se* is not specifically mentioned, CaDUP will serve as an effective approach in SME Development Strategy (2008) of Ministry of Industry, which includes competitiveness strengthening, industrialization and value chain development. In the Country Assistance Policy for Mozambique by the Government of Japan, the Project positions in the Industrial Promotion Program.

(2) Effectiveness: The effectiveness of the Project is evaluated as high from the following results.

Instead of implementing project activities in all the five (5) target provinces at the same time, the Project compiled experiences on the ground in the three (3) provinces near Maputo City (where IPEME is located) and used them to develop practical tools, which made dissemination to the other two (2) provinces easier.

The Project Purpose is expected to be achieved sufficiently by mutually linking the four (4) Outputs. In particular, the process of elaboration and revision of the Guideline and the SME Support Kit functioned as a means to integrate the results of the four Outputs. Developing the SME Support Kit and CaDUP Operation Manual (video) separately from the CaDUP Guideline resulted in simple and easy-to-use tools to different users.

(3) Efficiency: The efficiency of the Project is evaluated as relatively high from the following results.

Activities were carried out almost as planned, and inputs by Japanese side such as the dispatch of experts and training were implemented as planned. Despite limited number of the personnel, IPEME has assigned C/P personnel across various directorates, which has increased the ownership and efficiency of the Project. However, frequent personnel changes of C/Ps and absence because of training and conferences in other countries influenced the efficiency of the Project.

Each DPIC and SDAE increased focal points from one (1) to two (2) in order to strengthen the communication. IPEME has covered some travel costs of such as that of General Director, but other cost of business trips to the local areas such as vehicle, fuel, and allowance was borne by the Japanese side.

(4) Impact: The impact of the Project is evaluated as to be relatively high.

The Overall Goal of the Project is “By deepening and disseminating One Village One Product (CaDUP) program, business of targeted SMEs are maintained or developed.” with the indicator of “The CaDUP program is operational in all the 10 Provinces of Mozambique.” In the target five (5) provinces, the probability of implementation of CaDUP activities for mid-term is high. The introduction of the activities and the sending of supporting tools to the remaining five (5) provinces will be done in the Project period. At least introductory seminars and training by IPEME and the sharing of experience by other districts will be necessary to make the CaDUP Program operational in the remaining five (5) provinces. However, since the current financial situation of Mozambique does not satisfy the assumption of the PDM, “Policies of the Government for IPEME and the CaDUP program are not changed drastically,” it appears to be difficult for IPEME to achieve the dissemination to five (5) other provinces. So in the “3-6 Recommendations” section, the new Overall Goal to concentrate on the dissemination within the five (5) target provinces is proposed and present Overall Goal is proposed to be elevated as the Super Goal.

The following positive effects have been observed other than planned Outputs in the Project. (a) The CaDUP Project promoted the formalization of SMEs. (b) CaDUP possibly helps improve repayment rate of District Development Fund (FDD) by strengthening the management capacity of SMEs. (c) The Project contributed to the promotion of female entrepreneurs. Negative effect was not observed.

(5) Sustainability: The sustainability of the Project is evaluated as to be relatively high.

CaDUP Program is consistent with the SME Development Strategy (2008) and the ownership of IPEME is high, but the probability that IPEME acquires budget to disseminate in a large scale is low. However, set of SME support tool will be delivered to all the DPICs and SDAEs in the county and the IPEME, DPICs and SDAEs in the targeted five provinces has sufficient organizational and technical capacity of continuing CaDUP Program. Since it is functionable to add CaDUP approach to the daily monitoring activities without additional budget, continuous implementation of the Program is viable. There are some examples that DPIC and SDAE secured the budget for CaDUP-related activities.

3-3 Contributing Factors for achievement of Outputs

(1) Factors about the Plan

- The strategy to concentrate on the three (3) provinces to gain know-how and experiences in the field

led to effective dissemination to the other two (2) provinces.

(2) Factors about the Implementing Process

- Inclusion of SDAEs and their active participation in the Project activities led to effective support for local SMEs as well as enriching the content of the CaDUP tools based on their experience in the fields.
- Appointing pilot SMEs as “partner SMEs” encouraged them to share the good practices with other SMEs.

3-4 Problems and the Factors that caused problem

(1) Factors related to the Plan

- Previously unexpected external factor led to fiscal difficulties, which negatively affected securing budget of C/Ps.

(2) Factors related to the implementation process: None.

3-5 Conclusion

Relevance and effectiveness of the project are high and efficiency, impact and sustainability are evaluated as relatively high. Although there remains some concerns about the financial aspect of sustainability, IPEME, DPICs and SDAEs have built sufficient capacity to continue CaDUP Program activities by using the tools developed in the Project. Since the Project Purpose is expected to be achieved in the Project period, the Project should be completed at the end of the Project period as planned.

3-6 Recommendations

[By the end of the Project period]

(1) Revision of the PDM is recommended. Present Overall Goal should be elevated to Super Goal and new Overall Goal “By deepening and disseminating CaDUP program, business of targeted SMEs are maintained or developed in the target areas” should be added. As for the indicator for the new Overall Goal, the Team proposes it to be “Performances of the SMEs such as book keeping and sales supported by CaDUP program are improved in Maputo, Gaza, Inhambane, Nampula and Manica Provinces.”

(2) In order to sustain and disseminate in the target five (5) provinces, IPEME, DPICs and SDAEs of the provinces should prepare mid-term action plans including budget.

[After the Project period]

(1) IPEME should continue to support DPICs to sustain CaDUP Program activities. DPICs and SDAEs should make most use of the tools produced in the Project.

(2) The DPICs and SDAEs of the five (5) provinces should share their experiences on SME support with other districts and provinces, and provide information and advice.

(3) IPEME, DPICs and SDAEs should continue the effort to improve the SME Support Kit and the BDS List, with necessary additions, for example, regarding specific sectors. IPEME should support DPICs and SDAEs to exchange of experiences among DPIC and SDAE officers for example through national and local level forum.

(4) IPEME should incorporate the results of the CaDUP Program for special initiatives such as “One

Family One Farmland.”

- (5) IPEME should share outputs of the CaDUP Program, with other countries implementing similar programs such as OVOP.
- (6) IPEME should make efforts to secure necessary budget and technical support for the further upgrading and dissemination of the CaDUP Program.

3-7 Lessons learned

- (1) Developing a program operational manual (video) and a SME support kit separately from a program guideline could be effective in serving different users. Inputs from respective users could result in the development of simple, practical and easy-to-use tools.
- (2) In a large country such as Mozambique, it is effective and efficient to take a two-step approach to i) first concentrate on limited number of provinces to elaborate support tools for a program, ii) conduct pilot projects, and then iii) disseminate such tools in other provinces.
- (3) In OVOP projects, in which in general, it is not easy to increase the number of supported SMEs of different sectors, a large number of SMEs can be reached through (i) by providing business skill training covering common issues like book keeping and marketing, (ii) by providing a support kit that starts with diagnosis of SMEs and leads to alternative support measures to meet individual needs..
- (4) By incorporating the empowerment of women in the implementation of project activities, OVOP movement is effective for enhancement of female entrepreneurship. Directly observing of real experience in study tours and promoting linkages among women entrepreneurs is effective.
- (5) In countries where basic SME promotion schemes are not well developed, an OVOP project could play an important role in building concrete schemes for support.
- (6) The experience of the Project that enhancing management capacities of SMEs could play a complementary role to make a loan scheme more viable confirms the statements by the International Labour Office which says that access to finance and entrepreneurship training, especially provided as a package, could contribute to income generation and the creation of more and better jobs.