Mozambique Private Sector Development (PoDE) Project
Technical Learning in Firms Implementation Manual (TELIM)

October 5, 1999

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ABBREVIATIONS AND ACRONYMS

LPO          Linkage Program Office
MICTUR       Ministry of Industry Trade and Tourism
PSC          PoDE Steering Committee
RBSI         Regional Business Support Initiative
SSI          Sector-Specific Initiative
TAO          Training Advisory Office
TeLIM        Technical Learning in Firms Implementation Manual
TLC          Technical Learning Component
ToR          Terms of Reference
UASP         Unidade de Apoio ao Sector Privado

1 OVERVIEW

1.1 INTRODUCTION

This Technical Learning in Firms Implementation Manual (TeLIM) provides a detailed description of the Technical Learning in Firms Component (TLC) of the PoDE project and specifies the institutional and implementation responsibilities of the PoDE Steering Committee (PSC) and the Management Contractor for oversight and management of the TLC.

1.2 TLC OBJECTIVES

The overall objective of the TLC of the PoDE project is to support the development of technological capabilities in Mozambican manufacturing and tourism firms and in services supporting these firms.

1.3 TLC RATIONALE AND DESCRIPTION

The environment for technical learning in Mozambique is extremely underdeveloped. The mechanisms by which private firms transfer in technology from more advanced countries and raise their technical capabilities are weak or missing. With limited exposure to technological innovation and limited access to market information flows, the Mozambican private sector is at a significant disadvantage with respect to the latest manufacturing techniques, industry marketing trends, and modern management practices. In the wake of trade liberalization, these firms are being compelled to compete with skilled international rivals. There is an urgent need for a program of assistance to help firms build up their technical capabilities.

The TLC will provide assistance for enterprise technology transfer investments, for a broadening and deepening of the technical and business training, and for market linkage development to support greater technical learning in Mozambican firms. These initiatives will be time-bound, as they are intended to strengthen, not substitute for, the marketplace for business support services.

1.4 DESCRIPTION OF TLC SUB-COMPONENTS

The TLC will have three sub-components which will foster technical learning through the private marketplace: the Firm Competitiveness Office (FAO); the Training and Advisory Office (TAO); and the Linkage Program Office (LPO).
2 FIRM COMPETITIVENESS OFFICE

OBJECTIVE
The objective of the FCO will be to support an increase in the transfer of modern technology to Mozambican firms in the PoDE focal sectors. (NB, technology is used in the broadest sense to mean knowledge of modern production and management techniques, quality systems, and market awareness). The support will take the form of assistance for technical expertise, in-service training, information gathering, and other such activities involved in the technology transfer process.

DESCRIPTION AND RATIONALE
The FCO will provide cost-sharing grants to firms, in order to part-fund the costs of using technical support services and of market and technology research. The cost-sharing grant mechanism will put resources into the hands of purchasers of services, allowing them to choose what services make best sense for them, and allowing them to select their own service providers. The purpose of the FCO is: (a) to support those projects which would not otherwise find private funding; (b) to support technology transfer projects which generate large economic benefits to the country, i.e., create beneficial “spillovers” to the wider economy beyond the private benefits gained by individual project beneficiaries; and (c) to stimulate the development of a competitive market in technology support services.

ELIGIBLE BENEFICIARIES
Private Mozambican-owned and registered firms in manufacturing (including agro-processing), tourism, and services supporting manufacturing will be eligible for the FCO. The FCO will focus on “capable” firms in Mozambique that can demonstrate the planning, technical, and financial capacity required to make good use of outside services and research so as to increase competitiveness. Firms approaching the FCO considered on this basis, but not yet ready for its specific assistance, can be referred to the Training Advisory Office or the Linkage Program Office, as appropriate.

LEVEL OF SUPPORT
The FCO will have responsibility for a fund totaling US$2 million, to be committed over three years, and to be fully disbursed by the end of the fourth year. All grants will be on a 50 percent cost-sharing basis. No application will be considered for a grant of under US$2,000. No single recipient firm or conglomerate may receive total grants in excess of a cumulative total US$200,000. When a project has been satisfactorily completed to the ‘deliverables’ stage, the beneficiary will be eligible to apply for a second project. However, further grants may not be approved without satisfactory reviews of the impact of earlier projects.

The following grant requests will be referred to the PSC: those (a) costing over US$100,000; and (b) from beneficiaries that have reached a threshold of US$100,000 on prior grant support. For beneficiaries falling under (b) the PSC has the option of approving additional grants up to the US$200,000 ceiling without prior review (and based on the approval already given when the US$100,000 was crossed);

ELIGIBLE ACTIVITIES
The scheme will support firms in the following areas: (1) the production of goods and tradable services within Mozambique; and (2) the trading of goods and services from Mozambique into export markets. Financial services are not included. Producers of agricultural commodities, where there is no firm-specific product differentiation in what is sold, are specifically excluded from this scheme.
ELIGIBLE EXPENDITURES
Eligible expenditures may include the following: in-factory consultancy, fixed-term contract management services, external consultancy, and research which will contribute to the achievement of a Competitiveness Improvement Plan.

Expenditures may be supported through the following project types:

- productivity of labor or capital, or the productive use of raw materials, so as to reduce the cost per unit of output;
- product quality, uniformity, and reliability;
- design including product design, promotional material design, and pre-production processes (excluding ‘hard’ costs such as mould- and tool-making);
- response time improvements in the servicing of client requirements;
- new technology introduction and adaptation, in order to diversify or extend a firm’s range of saleable products / services;
- quality systems to improve management and shop-floor procedures; and
- market research to explore new market opportunities.

Expenditures on service fees, on research and on incidental expenses charged at cost, incurred wholly and exclusively on an eligible service / research usage, will be eligible for grant support. Salaries for existing and/or new permanent staff employed by the supported firm will not be eligible, nor will recurrent costs such as royalty fees. No expenditures on hardware will be supported. It is not expected that any project will be supported which started prior to submission of a project application.

Although travel can be extremely helpful within a scheme aimed at boosting competitiveness, it is particularly prone to abuse. The FCO management will therefore take particular care to ensure that travel is supported only when it forms an integral part of a Competitiveness Improvement Plan, and that there are clear, verifiable project outputs that are essential to the plan.

PROJECT APPLICATION AND IMPLEMENTATION
Individual projects will include the following phases: grant application, evaluation of grant application, project agreement, project implementation, grant disbursement, and project impact assessment.

Grant application. The firm will apply to the FCO for a grant. The firm will complete a Grant Application Form and will demonstrate technical, financial, and planning “capability”. This “capability” will be demonstrated through: (a) an interview; (b) submission of a Competitiveness Improvement Plan; and (c) submission of at least one set of accounts acceptable to the corporation tax authorities. The Grant Application Form will include as relevant in summary form:

- the ownership and place of registration of the firm;
- the scale of the firm (e.g., numbers employed, turnover, total assets);
- the project type applied for;
- the service provider, if any, to be used. A profile of any consulting firm and a CV of any consultant should be attached;
- the project deliverable(s), as defined below, the sight of which will enable the firm and the FCO to verify that the project activity has taken place;
- the project monitorable(s), as defined below;
- the timing and duration of the project;
- confirmation that there is no potential double funding of the project; and
- confirmation that the firm does not use child labor.

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The choice of service supplier will be made by the applicant, and will not be restricted to suppliers on any central register. However, the FCO will satisfy itself (1) as to the supplier's competence for the task intended; (2) that there is a genuine arms-length commercial relationship between supplier and user; and (3) that fee rates being charged for services are broadly in line with market realities.

The Competitiveness Improvement Plan will contain:

- a profile of the firm;
- an assessment of the firm's current competitive position;
- its medium-term development goals;
- the role of the proposed project and the grant in achieving the firm's development goals, and how the implementation of the project will be funded;
- additional potential projects, where relevant, which could be undertaken in the lifetime of the scheme; and
- a Terms of Reference (ToR) for the proposed project.

The ToR will include sections on the:

- objective of the project;
- activities to be undertaken to achieve the objective;
- resources to be used and their sources to implement the project;
- project outputs. The project outputs will identify at least one project deliverable, which will enable the firm and the FCO to verify that the activity has taken place, and at least one project-specific monitorable (see examples below). A deliverable might consist of a new quality systems manual, representing significant improvements over previous versions; or a consultancy report on setting up a new production line; or a set of drawings for a new product range. A project-specific monitorable will be a quantifiable performance target to which the firm and its service supplier (where relevant) will work;
- timing and duration of the project;
- services to be provided by any service provider, and the remuneration to be paid;
- assumptions made in setting the objectives of the ToR. The assumptions will identify the conditions within, and external to the firm which should be extant for the project objectives to be achieved. Typical examples might include: exchange rate stability; access to credit; the availability of skilled labor; and the delivery of equipment on time. The documenting of assumptions will enable, in the event of a project not achieving the deliverable(s) and/or the project-specific monitorable(s), the responsibility for any non-performance to be identified;
- ownership of intellectual property; and
- termination of the project and procedures in the event of dispute.

The ToR submitted will have a common FCO format, for any service provider used.

The following examples indicate typical project-specific monitorables:

- productivity - 'the output of production line workers will increase by 25% within three months of the end of the project;'
- product quality - 'the reject rate will decrease from 12% to 8% within three months of the end of the project;'
- design - 'commercial orders will be obtained for 25% of the new designs and sales will exceed USD 50,000 within six months of the project completion;'
• response time - 'the delivery time of orders will be reduced from an average of 90 days to 60 days within six months of the project completion;'

• new technology - 'the new production system will be commissioned within six months of the project start and machine operators will be trained within nine months of the start of the project;'

• quality systems - 'ISO 9000 will be introduced within ten months of the project start, and the firm will gain certification within one year of the start;'

• market research - 'the research will identify four potential buyers who will be visited, and their medium-term product needs obtained. Reports will be prepared on their requirements and submitted to three potential machinery suppliers and prices obtained on our new equipment needs.'

Evaluation of grant applications. Grant application information will be summarized on a Project Information Sheet which will include a short description of the applicant, the proposed project, the deliverable(s), the project-specific monitorable(s), the service provider where applicable, the FCO's assessment, and a Project Scoresheet (see Appendix A) on which the project will be marked under evaluation criteria headings, including the:

• firm's planning "capability" (e.g., as demonstrated by its Competitiveness Improvement Plan and an interview with the firm), technical "capability" (e.g., as demonstrated by past experience with technology transfer projects and/or the technical qualifications of the firm's personnel), and financial "capability" (e.g., as demonstrated by its accounts and ability to fund the full implementation costs of its project);

• merits of the project (and its private benefits) in the context of the Competitiveness Improvement Plan;

• "additionality" of the project (i.e., that it would not have been undertaken without FCO support, and/or evidence that the firm's project will be done better with FCO support) so that there is evidence that the FCO grant is not "crowding out" private investment; and

• "spillovers" expected to be created for the wider economy in addition to the private benefits accruing to the firm.

Examples of "additionality" include:

• undertaking a project which the firm would have found too costly, or too technically difficult to do without the support;

• planning, and implementing a sequence of projects with a firm over the lifetime of the FCO, in such a way that there are complementarities between the projects leading to increased overall benefits.

• using expert technical service providers to increase the economic benefits of a technology transfer investment being carried out by a firm.

Examples of possible "spillovers" which might be created when firm-specific activities have a relevance which extends into the wider community and beyond the immediate, direct private benefits accruing to the firm, include:

• vertical "spillovers" created by the diffusion of the technology acquired by the FCO-assisted firm to other up- and down-stream firms in its supply chain;

• vertical "spillovers" resulting from the imposition of higher standards on the suppliers to the FCO-assisted firm as a result of the project, e.g., from the regular auditing of suppliers and/or the filing of non-compliance reports on suppliers as a consequence of the FCO-assisted firm implementing ISO 9000 procedures;
• horizontal "spillovers" resulting from the FCO-assisted firm acquiring technology which induces its competitors to match, or exceed the FCO-assisted firm's "capability."

• horizontal "spillovers" created by the "demonstration effect" of the FCO-assisted firm's technology transfer investment.

• horizontal "spillovers" resulting from subsequent inter-firm cooperation as a consequence of several firms benefiting from group technology-acquisition projects;

• pecuniary benefits in the form of lower input prices or high input quality accruing to other firms as a result of the acquisition of new technology in the FCO-assisted firm, e.g., processed-food firms being able to export as a result of the scheme-assisted firm introducing new packaging technology; and

All grant applications will be evaluated by the FCO. Successful applications will proceed to the project agreement phase. At the time a grant is approved, the grantee will be offered free-of-charge an HIV/AIDS awareness training program. Implementation arrangements for the support to the HIV/AIDS initiative will be defined and funded under parallel arrangements agreed between the Government and the sponsoring donors in consultation with IDA.

Unsuccessful applicants will be informed of the reasons for their rejection, and will be eligible to amend the application and resubmit it. An applicant whose application has been rejected by the FCO may request that the application be reconsidered by the PSC. All approvals and rejections of the FCO will be considered by the next meeting of the PSC, ex-post. The PSC can only revoke an approval or rejection in the event that fraudulent information was determined to have been provided within an application.

Project agreement. A Letter of Agreement for each approved grant-assisted project will be prepared by the FCO and will be signed by the firm and the Management Contractor. The Letter of Agreement will include interalia:

• the identification of the project to be supported;
• the ToR for the project, with a requirement that any modification will be agreed by the signatories;
• the project outputs, namely the deliverable(s) and project-specific monitorable(s);
• the documents required to justify the fees and expenses covered by the grant;
• clauses on double funding, ownership of intellectual property rights, confidentiality, and termination of the project prior to its completion; and
• a requirement on the firm to cooperate in any in-project monitoring, ex-post project and component evaluation.

Project implementation. The FCO will monitor the implementation of projects in order to ensure that firms manage their projects satisfactorily; to ensure that service providers perform professionally; and to identify any factors which, if modified, would lead to better project implementation. Such monitoring will be particularly appropriate at the start of the FCO, with significant projects, and with participants who are inexperienced in project management. All project monitoring will be logged on a Project Monitoring Form.

Grant disbursement. The FCO will ensure speedy reimbursement of the relevant fees and expenses on the receipt of the appropriate documentation and on verification of the deliverable(s), aiming to achieve a turnaround time of five working days between receipt of appropriate documents and disbursement.
Project impact assessment. The FCO will assess the impact of each grant-assisted project on completion of the project, using a standard Project Impact Form, under the following headings:

- project management: the capability of the firm in implementing the project to optimize the planned impact;
- service provider: the technical capability and professionalism of the service provider, if used;
- deliverable(s): the appropriateness and the quality of the deliverable(s) compared with those specified in the ToR;
- project-specific monitorable(s): a qualitative and quantitative assessment of the project-specific monitorable(s) compared with those in the ToR. The FCO will attach to the Project Impact Form a copy of the Project Scoresheet (see Appendix A) used in the grant evaluation and will score the project ex-post;
- non-performance: responsibility for non-performance in any area, including FCO management; and
- lessons learnt: to enable improvements, including FCO management, to be made in similar grant-assisted projects in the future.

This ex-ante and ex-post scoring of the Project Scoresheet (Appendix A) will assist the FCO in fine-tuning its project evaluation procedures; enable the Management Contractor's internal monitoring to check compliance with the TelIM procedures, particularly with regard to "additionality" and "spillovers"; and help the independent auditors to select at random typical projects, interview the relevant beneficiary firms, and (with the relevant Grant Information Sheet and the Project Impact Form) confirm that the "right" firms, the "right" projects are being selected by the FCO, and the "right" judgements are being made by the Management Contractor.

FCO MANAGEMENT

Responsibilities of the FCO staff. The responsibilities of the FCO staff are as follows:

FCO Manager. S/he will have overall responsibility for the management of the firm competitiveness sub-component. S/he will be primarily responsible for preparing relevant documentation for promoting and implementing the sub-component; for marketing the sub-component; for advising potential beneficiaries in the programming of their technology-transfer activities; for monitoring project implementation; for assessing the impact of individual grants and of the sub-component; and for reporting.

FCO Assistant Manager. S/he, in addition to assisting the FCO Manager, will be primarily responsible for managing the grant application, project implementation, and grant disbursement procedures, and for the management information systems, such as a Projects’ Database.

Tasks of the FCO management. The tasks of the FCO management will interalia be to:

Market the scheme to potential beneficiaries. The FCO will draw up and implement a marketing strategy, taking into consideration the number of potential beneficiary firms in each region, which will include: market research; segmentation of the target audience; development of promotional material for potential beneficiaries; launch activities; field selling to the target audience, particularly to "capable" firms; regular contact meetings with sector organizations; and media promotion. The marketing of the sub-component will emphasize its scope, the need for "additionality" and for obtaining economic benefits in the form of "spillovers."
At least one Networking Workshop will be held annually to enable firms and service providers to share experiences and to network with each other, with MICTUR, the PSC, and the Management Contractor. The workshops will include presentations of FCO case studies and of best practice. Subject to confidentiality constraints, participants will be given at the start of the workshops a short profile of the participating firms and consultancies with contact information.

Advise potential beneficiaries in programming their technology-transfer activities. The FCO will advise potential beneficiaries on developing and programming short- and medium-term strategies for the effective use of technology support services, particularly emphasizing the importance of “additionality” and of creating broader economic “spillovers.”

Assist potential beneficiaries in sourcing suitable service providers. The FCO will assist potential beneficiaries, where required, in identifying suitable service providers and will build up a Service-Providers’ Register. The register will consist of CVs of providers set out in a standard format, to the norms required in donor-funded projects. Where the providers are employed in a firm, a company profile to a standard format will be included. The symmetry in the presentation of this documentation will facilitate a comparison of alternative providers by users of the register.

Advise potential beneficiaries in the application process. The FCO will publish Grant Application Guidelines (which will advise potential beneficiaries on applying for a grant and which will conform to the procedures in the TeLIM), and will provide continuing advice as required to firms. The FCO will ensure that the projects’ ToR are clear and unambiguous. Care will be taken so that (a) the FCO does not prepare the actual application for the applicant, but provides advice on procedures; and (b) that service providers do not overly prepare application material for their clients and usurp the responsibilities of the applicants themselves to demonstrate their “capability.”

Administer grant approval, monitor projects implementation, and grant disbursement. The FCO will ensure that the firm competitiveness sub-component is administered professionally according the procedures in the TeLIM. A Project File will be kept on each project with documentation set out in a uniform manner in tabulated sections which mirror the phases of the project, and which will include the following:

- Grant application, including: Grant Application Form, Competitiveness Improvement Plan, Terms of Reference, and supporting documents;
- Evaluation of application, including: Project Information Sheet and the scoresheet;
- Project agreement, including: Letter of Agreement and a final Terms of Reference signed and dated by the firm and the service provider;
- Project implementation, including: Project Monitoring Form(s);
- Grant disbursement, including: evidence that the FCO has seen the project deliverable(s); and a request from the firm for disbursement of the grant with justifying documentation, including receipted invoices; and
- Project impact assessment, including: Project Impact Forms and Project Scoresheets.

Appropriate management information systems will be developed, including a Projects’ Database using industry-standard software which will include interalia: project number; firm name; location of firm;
number of employees; grant size (e.g., size applied for, size approved, size disbursed); project type; sector of firm; service provider used; location of service provider (e.g., local, regional, extra-regional); relevant dates (e.g., initial contact with FCO, receipt of application, application approval / rejection, project start, project duration, project end, receipt of duly-vouched claim, disbursement, post-project monitoring). The following headings, at least, should be broken into categories to facilitate analysis of scheme impact by the FCO, the PSC, the IDA, and independent auditors: firm size, grant size, project type, location of firm, and location of service provider.

The FCO will ensure that there is adequate liaison with the TAO and LPO to ensure that there is synergy between the sub-components. It will report to the PSC as required under “Technical Learning Component Management;” and will ensure that project approvals and rejections will be considered by the next PSC meeting, ex-post.

**Impact of technical learning sub-component.** The FCO will monitor the impact of individual projects at regular intervals and of the sub-component at least quarterly to ensure that projects have “additionality” and that economic benefits in the form of “spillovers” accrue to the economy.

**Reporting arrangements.** Reporting arrangements are detailed under “Technical Learning Component Management.”

**Operational auditing.** Experience and research has indicated that the biggest risk with cost-sharing grant schemes is that pressure to disburse the funds committed results in the quality of grant assistance being compromised. Unsuitable firms are often assisted, which are unable to make proper use of outside services, and the need for “additionality” and “spillovers” is overlooked. One-off travel is supported, without being related to any larger competitiveness improvement plan. In order to manage these risks, the PSC will commission independent operational audits. These are detailed below under “Independent Operational Auditing.”

### 3 TRAINING AND ADVISORY OFFICE

**OBJECTIVE**
The objective of the TAO will be to create a broader and deeper training market in Mozambique by supporting business training and technical training initiatives.

**DESCRIPTION AND RATIONALE**
Industry surveys in Mozambique have indicated a significant unmet demand for business and technical skills upgrading for managers and for employees in the manufacturing sector. This shortage of skills is, importantly, a reflection of the dearth of tertiary and vocational training opportunities.

International experience suggests that training and capacity building assistance should be as closely related to existing market-driven signals and existing providers as possible. This sub-component will build on the existing base of private-sector business and technical training providers, rather than to substitute these with training providers who are primarily publicly funded, nor to create or enhance a dual market of private- and donor-funded training providers.

The TAO will support the development of private business training initiatives, particularly for manufacturing industries (including agro-processing), export trading in manufactured products, and in key service businesses supporting the PoDE focal sectors. It will encourage trainers to provide training services which support the PoDE focal sectors. It will result in both a broadening (more “trainers” providing business and technical skills training for manufacturing industries) and a deepening (more and
higher quality "training courses" being provided within important technical and business skill areas) of the training market in Mozambique.

The training services supported will include:

- **Training Course Delivery**: existing local- or overseas-developed courses for which an active local market has not yet developed - particularly in the regions;
- **Training Course Development**: courses, additional to those currently offered, for which a market demand can be demonstrated through local market research and/or feedback from the private sector, including other TeLIM sub-components.

**Eligible Beneficiaries**

All private and not-for-profit training firms, or individuals with training experience, will be eligible, including both existing training providers in Mozambique and overseas firms.

**Level of Support**

The TAO will have a total funding of US$2 million. In order to increase overall capacity in the training provision market, no more than US$ 200,000 will be allocated to any one firm during the life of the project.

*Training Course Delivery* projects will be funded on a 50/50 cost-sharing basis with respect to course delivery costs, so that a registered trainer who provides an approved course will be reimbursed half of the costs of delivering training on a per-participant basis. *Training Course Development* projects may be supported by a grant up to a maximum of US$ 15,000 to cover appropriate course design and development costs. Firms or individuals receiving a Training Course Development grant are, after successful completion and evaluation of this grant, eligible for a Training Course Delivery grant.

**Eligible Activities**

Training courses to be funded under this sub-component might include courses such as the following:

- Business Skills, including marketing (e.g., market research, marketing plan development, costing and pricing, and promotion); financial management (e.g., financial statements, accounting systems, budgeting and forecasting); production management (e.g., production planning, productivity, quality management and inventory control); and business development (e.g., feasibility studies, business planning, quality systems and personnel management).
- Technical Skills, including training in selling or other specialist business services; training for shop-floor skills for employees such as in welding, machining, assembly or finishing; and training in manufacturing services such as maintenance, value analysis, quality control techniques and supervisory skills.
- Professional Skills, including training in design, information technology, accounting, cost control and personnel management.

**Eligible Expenditures**

Eligible expenditures, which must be based on current market rates, will include:

For *Training Course Delivery* projects: delivery costs of courses (including marketing costs but excluding the cost of developing training materials) for which a local market has not yet developed.

For *Training Course Development* projects: course curriculum design and development (including the development of training materials).
Firms training their staff are not eligible under the TAO. In-firm training projects are eligible for support under the FCO.

**TRAINING PROJECT APPLICATION AND IMPLEMENTATION**

The application and implementation of individual training projects will include the following phases: trainer registration; training grant application; evaluation of grant application; project agreement; project implementation; grant disbursement; and project impact assessment.

**Trainer registration.** Training firms and trainers will be required to pre-qualify as registered training organizations. To pre-qualify, applicants will be interviewed and will be required to submit a Training Organizations' Registration Form with relevant supporting documentation. Applicants will be evaluated under criteria including:

- the current profile of the applicant, including resources, longevity, size, and general business experience;
- relevant experience in business training, technical training, and/or professional training; and
- the experience of relevant managerial and technical staff, as recorded in CVs set out in a standard format complying with the norms of international donor organizations.

The TAO will approve the registration of applicant training organizations on a case-by-case basis, marking them under the evaluation criteria on a scoresheet. Pre-qualified organizations will be listed in a Training Organizations' Register which will contain the relevant application documentation and the scoresheet. The status of registered training organizations will be reviewed on an annual basis, and a copy of the review will be appended to the original registration and filed on the Register.

Unsuccessful applicants will be informed of the reasons for their rejection, and will be eligible to re-apply at a later date. All approvals and rejections of the TAO will be considered by the next meeting of the PSC, ex-post. The PSC can only revoke an approval or rejection in the event that fraudulent information was determined to have been provided within an application.

**Training grant application.** Applications for training projects will be made as follows:

*Training Course Delivery.* Each registered training organization will apply for support for training projects on a per-course basis initially. Once the implementation of the first course of a type has been monitored by the TAO and has been rated as satisfactory, future applications for the same type of course from the same training organization may cover the delivery of up to three identical courses in any one region. Each application will include a Training Grant Application Form, with supporting documentation, which will encompass:

- a current profile of the firm;
- a list of courses undertaken previously and scheduled for the future, stating dates, content, and participants' profile;
- the CVs of the project manager(s) and trainer(s) to be used in the training project, including all those to be used if a series of courses is proposed;
- the ToR to be used for hiring any resource person(s) external to the applying training organization;
- the course objectives, content, and its relevance to the training needs of potential employers, to the relevant sector, and to the economy;
- the proposed training materials;
- the marketing plan for the course(s) including media schedule;
• a profile of the participants, e.g., age, gender, level of education, and professional experience;
• the proposed course location(s), date(s), duration, course fees, certification to be provided, and participants’ receivables (e.g., training materials, refreshments, and any participation allowances);
• the minimum and maximum number of participants per course;
• a copy of a Trainees’ Evaluation Form to be completed by each participant at the end of the course; and
• the table of contents for a Training Course Delivery Report.

The Training Evaluation Forms, completed by each trainee, will be included in the Training Course Report. The forms will cover the following topics interalia:

• the suitability of the venue;
• the timing and duration of the training;
• the knowledge of the trainer(s);
• the presentation skills of the trainer(s);
• the course content;
• the training materials provided;
• the relevance of the training to the needs of the trainee;
• any relevant topics not covered, or inadequately covered by the course; and
• any future training needs.

Where relevant, questions will require a qualitative and a quantitative (e.g., a score out of a possible ten points) response.

It is expected that the Training Course Delivery Report will include sections which will:

• identify any variations in the course, and in the profile of the participants as proposed in the project application, and as delivered, and the reason(s) for any variation;
• review and draw conclusions from participants’ feedback;
• list trainees who participated (with addresses to enable project auditors to interview typical participants); and
• review issues arising from the course, e.g., difficulties in implementation, further training needs, and possible course modifications to improve absorption by participants.

Training organizations which have benefited from a Training Course Delivery grant, will not be eligible for further Training Course Delivery grants unless the earlier course has been successfully delivered, or the failure to deliver successfully has been justified.

Training Course Development. Registered training organizations will apply for support for training projects by submitting a Training Grant Application Form, with supporting documentation, which will encompass:

• a current profile of the firm;
• a list of courses undertaken previously and scheduled for the future, stating dates, content, participants’ profile;
• evidence of previous training course development by the applicant and/or its expert(s);
• the CVs of the project manager(s) and expert(s) to be used in the training project;
• the ToR to be used for hiring any expert(s) external to the applying training organization;
• evidence of the market demand from trainees and from the relevant sector for the new type(s) of course proposed;
• an outline timetable for the subsequent delivery of the proposed new course(s); and
• the table of contents for the Training Course Design and Development Report.

Training organizations which have benefited from a Training Course Development grant, will not be eligible for further Training Course Development grants unless the earlier course has been delivered successfully, or the failure to deliver successfully has been justified.

Evaluation of grant application. Training projects information will be summarized on a Training Project Information Sheet which will include a short description of the applicant, the proposed training project, at least one deliverable (the sight of which will enable to TAO to verify that the activity has taken place), the TAO's assessment of the application, and a Training Project Scoresheet (see Appendix B) on which the project application will be marked.

Both types of project will be assessed according to:

• "additionality" of the project, i.e., that it would not have been undertaken without the TAO, and/or TAO support helped the training provider to carry out the project better, so as to ensure that the grant is not crowding out private investment;

• "spillovers" expected to be created for the wider economy in addition to the private benefits accruing to the training organization; and individually as follows:

Training Course Delivery. All applications will be evaluated by the TAO and scored under evaluation criteria including the:

• applicant's training "capability" at the time of application. Care will be exercised by the TAO to ensure that the "capability" of the firm when it pre-qualified has been sustained and remains adequate for the proposed project;
• project manager(s) and the resource person(s) to be used for the training;
• course content and the proposed training hand-outs;
• timing and duration of the course;
• level of participation fees (compared with market norms);
• target audience and its relevance to the focal sectors of PoDE;
• mechanisms proposed to monitor course feedback and to incorporate it into future activities; and
• standard of reporting proposed.

Training Course Development. All applications will be evaluated by the TAO and scored under evaluation criteria including the:

• applicant's training "capability" at the time of application;
• previous training course design and development experience;
• project manager(s) and/or expert(s) to be used for the course design and development;
• market demand for the course(s) proposed;
• relevance of the course(s) to the PoDE focal sectors;
• project deliverable(s), i.e., the material which will be submitted to the TAO as evidence the work has been undertaken as proposed; and
probability of subsequent delivery of the course(s) proposed. Care will be taken by the TAO to ensure that course(s) developed will be delivered so there are economic benefits from the grant support.

Successful applicants for both types of courses will proceed to the project agreement phase.

Unsuccessful applicants will be informed of the reasons for their rejection, and will be eligible to amend the application and resubmit it. An applicant whose application has been rejected by the TAO may request that the application be reconsidered by the PSC. All approvals and rejections by the TAO will be considered by the next meeting of the PSC, ex-post. The PSC can only revoke an approval or rejection in the event that fraudulent information was determined to have been provided within an application.

Care must be taken not to fund courses such as the development and delivery of new versions of courses where, at the time of application, there may be an undeveloped local market but which would, in any event, be quickly filled through private investment.

Project agreement. A Letter of Agreement will be signed between the firm and the Management Contractor for each approved grant-assisted training project. The Letter of Agreement will encompass:

- the training project to be supported;
- the specifics of the training project, e.g., course objectives, content, trainers to be used, trainees’ profile, marketing plan, and schedule for delivery;
- the ToR for the hire of any external personnel;
- the deliverable(s);
- the documents required to justify the expenditures covered by the grant;
- clauses on double funding and ownership of intellectual property rights; and
- a requirement on the firm to cooperate in any in-project monitoring, in ex-post project and in component evaluation.

Project implementation. The TAO will monitor training projects during implementation to ensure that training organizations perform professionally; to ensure that the trainers specified in the grant application were those who delivered the course(s); to ensure that course participants receive relevant training which can be applied to the benefit of the economy; and to identify any factors which, if modified, would lead to improvements in similar courses and in the overall sub-component. Such monitoring will be particularly appropriate at the start of the sub-component, with significant training activities, and with new entrants to the market. All project monitoring will be logged on a Training Project Monitoring Form.

Grant disbursement. The TAO will ensure a speedy disbursement on the receipt of the appropriate documentation and on verification of the deliverable(s) aiming to achieve a turnaround time of five working days between receipt of appropriate documents and disbursement.

Project impact assessment. The impact of training projects will be assessed as follows:

Training Course Delivery. The TAO will assess the impact of Training Course Delivery projects ex-post completing a standard Training Project Impact Form with information from:

- interviewing representative training participants, particularly comparing their comments on the Trainees’ Evaluation Form with interview answers;
interviewing selected participants' employers to assess participants' skills and task-level efficiencies before and after training; and
identifying market demand for similar courses from the same training organization to assess whether a more active market has been developed which is not dependent on further grant support.

The assessment will be undertaken so that the delivery and impact can be measured in ways such as: on a course type basis; on a sector-by-sector basis; on a region-by-region basis.

Training Course Development. The TAO will assess the impact of these Training Course Development projects ex-post completing a standard Training Project Impact Form after, for example:

identifying the number of training courses which were developed and subsequently delivered;
measuring whether the market demand anticipated by the training organization was justified;
interviewing beneficiaries of the new courses delivered, and undertaking other impact measurement procedures as with the Training Course Delivery projects, to investigate the value of the courses to the participants and to the economy; and
comparing the impact of the new courses with the impact of existing Training Course Delivery projects.

The assessment will be undertaken so that the impact can be measured in ways such as: on a sector-by-sector basis; on a region-by-region basis.

Impact of the sub-component. The TAO will monitor the impact of individual projects at regular intervals and of the sub-component at least quarterly to ensure that projects have "additionality" and that economic benefits in the form of "spillovers" accrue to the economy. This impact assessment will include interviewing representative organizations, e.g., for labor and for industry.

COMPONENT MANAGEMENT

Responsibilities of TAO staff. The responsibilities of the staff will be as follows:

Training Coordinator. S/he will have overall responsibility for the management of the sub-component. S/he will be primarily responsible for market research; for preparing relevant documentation for promoting and implementing the sub-component; for marketing the sub-component; for liaison with other sub-components; for advising potential beneficiaries on developing courses and on delivering training; for monitoring project implementation; for assessing the impact of the sub-component and for ensuring that the training needs of the focal sectors are met; and for reporting.

Assistant Training Coordinator. S/he, in addition to helping the Training Coordinator, will primarily be responsible for managing the grant application, project implementation, and disbursement procedures, and for the management information systems, such as a Projects' Database.

Tasks of the management. The tasks of the TAO management will be to:

Research the market. The training coordinators will be responsible for carrying out an initial assessment of the Mozambican training market, concentrating on the PoDE focal sectors, to establish training needs, market gaps, and to identify potential training organizations. They will continuously seek information on the needs of the market through interaction with the other sub-component managers, with the users of the other sub-components, and with industry organizations.
Market the scheme and register training organizations. The TAO will draw up and implement a marketing strategy according to the number of potential beneficiaries in each region which will include: the segmentation of the target audience (which will include local and foreign training organizations); the development of promotional material and direct mailing it to relevant training organizations; activities to launch the sub-component; field selling to the target audience, particularly to "capable" training organizations; inviting potential training organizations to register; the evaluation and registration of "capable" training organizations; and media promotion.

Advise potential beneficiaries on developing courses and on delivering training. The TAO will advise potential beneficiaries on training needs, on developing new courses and on delivering training. This will include advising training organizations to service other parts of the country where the market is not yet developed. The advice will emphasize that the training should be relevant to the needs of industry and to the economy of the country.

Match employers of trained staff with training organizations. The TAO will, through its knowledge of firms which need trained staff (through liaison with other sub-components) and of training organizations, bring together the two parties so that trainers may service the firms' needs by training existing and/or new staff. This may include grouping together small employers, particularly outside Maputo, which have a common need so economies of scale can be achieved in the delivery of training.

Advise potential beneficiaries in the application process. The TAO will publish Grant Application Guidelines which conform to the requirements in the TeLIM, and advise potential beneficiaries on applying for a grant.

Administer the approval and monitoring of projects and the disbursement of grants. The TAO will ensure that the sub-component is administered professionally according to the procedures stipulated in this manual. A Project File will be kept on each project with documentation filed in a standard manner in tabulated sections which mirror the projects' phases as follows:

- Grant application, including a relevant Training Grant Application Form and supporting documentation;
- Grant evaluation, including the Training Project Information Sheet and Training Project Scoresheet;
- Project agreement, including the Letter of Agreement and final ToR, as necessary;
- Project implementation, including Training Project Implementation Monitoring Form(s);
- Grant disbursement, including evidence that the TAO has seen the deliverable(s); a letter of request from the training organization for disbursement, with a statement that there has been no double funding for the approved activity; and justifying documentation.
- Project impact assessment, including Training Project Impact Form(s).

Appropriate management information systems will be developed, including a Training Projects' Database using industry-standard software which will include interalia: project number, training organization name; location of organization (e.g., Maputo, Beira, Nampula, from the region, extra-regional); training organization size (e.g., number of staff and associates); grant size (e.g., size applied for, size approved, size disbursed); training project type; sector(s) course is applicable to; subject of course; length of course; number of courses delivered; number of trainees per course; gender of trainees; location of course delivery; relevant dates (e.g., initial contact with TAO, receipt of application, application approval / rejection, project start, project duration, project end, receipt of duly-vouched claim, disbursement, post-project monitoring). The following headings, at least, should be broken into categories to facilitate analysis of scheme impact by the TAO, the PSC, the IDA, and independent auditors: training organization size, location of training organization, grant size, sector(s) course is applicable to; location of course delivery.
delivery.

**Impact of the sub-component.** The TAO will continually monitor the impact of the sub-component as a whole (by sector, by region, by training provider) to ensure that the:

- training courses delivered matches the present and future needs of the PoDE focal sectors - as identified by the research at the start of the sub-component;
- training courses have “additionality” and “spillovers.”
- age and gender of participants serviced in the training is relevant to the focal sectors’ needs;
- requirements of the various regions have been addressed;
- training market is broader and deeper; and
- that at least 75% of courses which are designed and developed with TAO support are implemented.

**Reporting arrangements.** Reporting arrangements are detailed below under “Technical Learning Component Management.”

**Independent auditing.** Independent auditing procedures are detailed below under “Independent Operational Auditing.”

4 **LINKAGE PROGRAM OFFICE**

**OBJECTIVE**
The objective of the LPO will be to facilitate supply linkages between Mozambican supplier firms and joint-venture or foreign-owned firms, where decisions to purchase goods and services are taken within Mozambique.

**DESCRIPTION AND RATIONALE**
The LPO will provide assistance to Mozambican suppliers seeking to sell goods and/or services to joint-venture, or foreign-owned “purchaser” firms operating in Mozambique. It will evaluate the sourcing practices of “purchaser” firms; assess opportunities for local suppliers; facilitate supply-chain linkages; and assist in upgrading the technical capabilities of potential Mozambican suppliers. The rationale for the activities of the LPO is that the Mozambican firms can learn to meet the requirements of international markets by first becoming suppliers to foreign firms operating in the local economy.

**ELIGIBLE BENEFICIARIES**
The eligible beneficiaries will be (a) private Mozambican-owned and registered suppliers of goods and services in the focal sectors; and (b) joint-venture, or foreign-owned firms operating in Mozambique.

**LEVEL OF SUPPORT**
Support will be confined to operating as a facilitation office. Firms requiring assistance in building up their capabilities to supply “purchaser” firms will be referred, as necessary, to the FCO and TAO sub-components where they may receive direct and/or indirect grant support.

**LINKAGE PROJECT IMPLEMENTATION**
Individual linkage projects will include the following phases: identification of projects; project agreement and implementation; and project impact assessment. These are described below:

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Identification of projects. The LPO will identify joint-venture, or foreign-owned firms operating in Mozambique with the potential to purchase goods and/or services from Mozambican suppliers. The identification of potential target “purchaser” firms will be undertaken inter alia through (a) research assessing the potential for linkages by the LPO; (b) a Linkage Contact Officer in CPI who will pass leads on to the LPO; and (c) liaison with the FCO and TAO which will come into contact with potential “purchasers” and/or suppliers. The LPO will seek and obtain the cooperation of the potential “purchaser” firm; will identify the purchasing practices of “purchaser” firms; will short-list products and services which could be realistically supplied by local firms; and will obtain a full specification of the product(s) and/or service(s) required. It will advise on the preparation of specifications as necessary.

The LPO will locate and sign up for participation several potential suppliers for each of the goods/services required. (The potential suppliers may include nominees of the “purchaser” firm). The “capability” of potential suppliers will be summarized on a Supplier Profile Form, which will include an assessment and scoring of the firms under criteria including:

- profile of the firm, e.g., resources, longevity, and size;
- relevant supply experience;
- production, marketing, financial, and management “capability”;
- appreciation of international performance standards; and
- capacity to deliver the required goods and/or services, e.g., in the required volumes, to the required quality, and on time.

There will be no limit to the number of opportunities available to “capable” suppliers. The Supplier Profile Form will enable symmetrical information to be presented to potential “purchaser” firms, and facilitate the short-listing of potential suppliers. The “purchaser” may decide to select its supplier(s) by means of a competitive tendering, in which case short-listed suppliers should be given equal opportunities at tendering.

Project agreement and implementation. Selected firms will not pay for assistance from the LPO, but will be required to sign a Letter of Agreement to cooperate with the LPO which will encompass:

- cooperation on preparing and implementing an Action Plan to give effect to the cooperation;
- confidentiality to ensure each party respects the technology and practices of the other;
- ownership of intellectual property;
- procedures to be taken in the event of dispute and/or termination of the project;
- agreement that the “purchaser” firm will supply the LPO with copies of purchase orders given to supplier firms; and
- agreement that successful linkages can be promoted to attract more users of the LPO.

The Action Plan will include the following:

- the measures each party will take so that the “capability” of the supplier may converge with the needs of the “purchaser”. This may include technology transfer by the “purchaser” to the supplier, the introduction of in-plant training by the supplier, and the introduction of new management systems;
- outside help which may be required and its source, including assistance from the FCO and TAO. Where FCO and/or TAO support is required, the LPO will advise on the application - however, any application will be judged by the FCO and/or the TAO on its merits without any special preference;
- identification of costs involved in the linkage process and responsibility for the costs;
- a schedule of coordination meetings between the linkage partners and agreement that the LPO can participate as needed; and
- procedures to be taken in the event of modification to the Action Plan, of dispute, and/or termination of the Action Plan.

Any amendments to the Action Plan will be in writing and appended to the original plan. The LPO will monitor the implementation, particularly at key points of the Action Plan, logging the monitoring on a Linkage Project Monitoring Form. The LPO will advise as necessary until at least one supplier obtains and fulfils an order to the satisfaction of the "purchaser", or one or more parties withdraws from the agreement to cooperate.

Project impact assessment. The LPO will review each project at its conclusion using a standard Linkage Project Impact Form using headings including:

- performance of purchasing firm pre- and post-agreement;
- performance of the supplier(s) pre- and post-agreement;
- volume of business undertaken as a result of the linkage;
- technology acquired by the supplier as a result of the linkage;
- administration of the project by the LPO;
- appropriateness of the Action Plan, with comments on the reason(s) for failure / success where relevant in any of its phases; and
- lessons learnt from the project.

The success of the LPO will be judged on the ability of the LPO to generate new business for Mozambican supplier firms from joint-ventures, or foreign-owned firms operating in Mozambique. It is expected that by the end of the project purchase orders generated by "purchaser" firms, and the resultant goods and/or services delivered by supplier firms will equal at least ten times the total cost of operating the LPO. For evidence of this level of purchasing, the LPO will obtain copies of purchase orders directly attributable to LPO support from the joint venture or foreign purchasing firm and attach them to the Linkage Project Implementation Form.

LPO MANAGEMENT

Responsibilities of LPO staff. The responsibilities of the staff will be as follows:

LPO Manager. S/he will have overall responsibility for the management and quality of the sub-component. S/he will be primarily responsible for preparing relevant documentation for promoting and for implementing the sub-component; for marketing the sub-component; for matching potential "purchaser" firms and appropriate suppliers; for securing linkage agreements and for monitoring the implementation and the impact of linkage projects; and for reporting.

Linkage Facilitation Officer. S/he will, in addition to assisting the LPO Manager, be responsible for identifying potential linkage partners; for liaison with the other sub-components and the Linkage Contact Officer; for helping firms to prepare and to implement Action Plans; and for with the management information systems, including a Projects' Database.

Linkage Contact Officer. This officer, although funded by PoDE, will be wholly responsible to the management of CPI. S/he will act as a contact point within CPI for the LPO linkage activities; will look out for possible linkage opportunities and pass these leads to the LPO; and will promote local supplier capabilities to potential foreign investors. S/he will participate in LPO meetings where appropriate for information purposes.
Tasks of management. The tasks of the management will include the following:

Liaison and promotion. The TPO will liaise (a) with the CPI and with other intermediaries which have contact with potential “purchaser” firms; and (b) with the other TLC sub-components for the identification of potential “purchaser” firms and local suppliers. It will prepare promotional material and market the services of the office through the media and through visits to firms, ensuring that the image and message complements that of the other sub-components.

Identification and selection of linkage partners. The LPO will identify appropriate “purchaser” firms; seek specifications for the goods and/or services required (advising on the preparation of specifications as necessary) for use in the short-listing of potential supplier firms; will short-list potential supplier firms using standard evaluation criteria; and will advise as required in the matching, tendering and selection process.

Preparation and implementation of Action Plans. The LPO will prepare a Letter of Agreement to embrace each “purchaser” firm, each selected supplier and the LPO; and will take the lead in the preparation of Action Plans which will enable the chosen supplier(s) to converge with the standards of the “purchaser”. It will facilitate and monitor the implementation of the Action Plans; advise on the submission of applications to the FCO for grant support for technical learning projects; and facilitate contacts as necessary with the TAO and with training providers to provide appropriate training to the linkage partners. Each linkage project will be monitored at least quarterly. Where necessary, if projects are not proceeding satisfactorily, the LPO will provide counseling and, if necessary, recommend the termination of those which are unsuccessful and redirect resources.

Project impact assessment. The LPO will assess the impact of each project on completion, i.e., the satisfactory supply of goods and/or services, or on the termination of a linkage project. Successful projects will be reviewed on a regular basis in regard to the performance in use of the first delivery of goods and/or services; the sustainability of the linkage; and the capacity of the partners to participate in other linkage projects.

Administration of the sub-component. The LPO will ensure that the sub-component is administered professionally according to procedures stipulated in the TeLIM. A Project File will be kept on each project with documentation set out in a standard manner in tabulated sections mirroring the phases of the project including:

- Identification of projects, including a profile of the “purchaser” firm and specifications of its requirements; potential supplier firms, with a Supplier Profile Form and “capability” scoresheet for each;
- Project agreement and implementation, including a Letter of Agreement, an Action Plan, and each Linkage Project Monitoring Form; and
- Project impact assessment, including each Linkage Project Impact Form.

Appropriate management information systems will be developed, and there will be close cooperation with the other TLC sub-components to expedite, for example, access to their databases.

There will be regular management meetings of the LPO staff and these will include the Linkage Contact Officer as necessary. These meetings will be minuted and copies of the minutes distributed to other sub-components and to the CPI.

Reporting arrangements. Reporting arrangements are detailed below under “Technical Learning Component Management.”
Independent auditing. Independent auditing procedures are detailed below under "Independent Operational Auditing."

5 TECHNICAL LEARNING IN FIRMS COMPONENT MANAGEMENT

OVERALL MANAGEMENT STRUCTURE

Overall responsibility for the implementation and coordination of the Technical Learning in Firms Component will be entrusted to the PSC under the purview of MICTUR. Operational responsibility for the Technical Learning in Firms Component will rest with the Management Contractor. Work under the SSI and the RBSI will be coordinated by the Management Contractor. The SSI component will be separately managed under parallel financing arrangements.

The three sub-components of the TLC will be jointly managed by the Management Contractor, with a manager and a deputy manager for each sub-component. The Management Contractor will appoint a Team Leader from one of the sub-component managers with overall responsibility in the field for the professional implementation of the component; for liaison with, and reporting to the PSC; for facilitating cooperation between the individual sub-components; and for liaison with the head office of the Management Contractor.

FUNCTIONS OF THE PSC

The PSC has two general functions in respect of the Technical Learning Component, namely direction and monitoring as follows.

Direction of the Technical Learning Component. The tasks of the PSC interalia will be to:

- assist the Management Contractor in resolving ambiguities and uncertainties associated with initial start-up of the scheme;
- provide strategic direction to ensure that the implementation of the TLC is consistent with the PoDE objectives and rationale;
- receive, comment on, and approve Annual Work Programs in advance;
- prepare proposals, if necessary and at intervals no shorter than six months, justifying changes to the operating directives for the Management Contractor, as expressed in the contractor’s terms of reference and in the TeLIM, for the IDA’s consideration. These proposals should, where possible, follow one of the Independent Operational Audits. Proposals to alter the operating procedures should be in the form of specific clauses which should be attached to the TeLIM as amendments. Upon receipt of “no objection” to the proposal, the PSC will send written directions to the Management Contractor as to the ways (if any) in which the Management Contractor should redirect its efforts; and
- authorize, following consultation with IDA, the reallocation of resources across the various sub-components as lessons emerge as to patterns of demand and economic impact.

Monitoring of the Technical Learning Component The tasks of the PSC interalia will be to:

- review and approve all matching grant requests (a) costing over US$100,000; and (b) from beneficiaries that have reached a threshold of US$100,000 on prior grant support. For beneficiaries falling under (b) the PSC has the option of approving additional grants up to the US$200,000 ceiling without prior review (and based on the approval already given when the US$100,000 was crossed);
• receive and review Quarterly Reports to ensure that the decisions and processes of the Management Contractor are consistent with (a) the objectives, the rationale, the eligibility and the monitoring criteria specified in the TeLIM; and with (b) the Annual Work Program, including the marketing plan. (In the event of poor performance on the part of the Management Contractor, the PSC in consultation with the IDA, will have the right to take appropriate action);
• forward Quarterly Reports to the IDA;
• review annually the work of the Management Contractor in the context of the TeLIM and the Annual Work Program and submit a report with its findings to the Management Contractor and to the IDA;
• review the work of the Management Contractor towards the end of its initial contract, and to extend the contract as necessary;
• review appeals for a reversal of the Management Contractor’s decision made by any applicant, and bring these appeals to the attention of the IDA for its review;
• revoke an approval already granted in the event that fraudulent information has been provided within an application; and
• meet obligations to exercise due diligence and ensure that proper procurement, disbursement, accounting and financial auditing systems are established. (It is anticipated that beyond helping to ensure that these systems are established in a timely way, operate efficiently, and generate the information the PSC needs to perform its strategic role, the PSC and its Director will not have direct operational responsibility for these systems).

FUNCTIONS OF THE MANAGEMENT CONTRACTOR

The Management Contractor has four general functions: planning; implementation; reporting; and monitoring. These are expanded below:

Planning. The Management Contractor will prepare each year in advance an Annual Work Program for each sub-component. The first Annual Work Program will be presented with the First Quarterly Report, and subsequent ones at yearly intervals thereafter. Each Annual Work Program will identify (a) the activities which will be undertaken in each sub-component on a quarter-by-quarter basis; (b) the responsibility for the implementation of the activities; and (c) the cost of the activities. A bar chart will summarize the activities on a quarterly basis, linked to the schedule of the PSC meetings and Quarterly Reports, to simplify oversight by the PSC.

The Management Contractor will plan and agree a modus operandi for liaison with and reporting to the PSC. This modus operandi will be included in the First Quarterly Report.

Implementation. The management of each sub-component will implement activities as specified in each Annual Work Program, which will be consistent with the requirements of the TeLIM. The Management Contractor will integrate the work of the sub-components so that (a) there is symmetry in the delivery of services with, for example, consistency in corporate image, in advertising material, and in reporting; (b) there is cooperation between the sub-components so that, for example, relevant information is shared; and (c) there is synergy between the sub-components so that, for example, the activities of each supports and strengthens the others.

Quality and Procedures File. Each sub-component will maintain a Quality and Procedures File which will include interalia

• documentation on the Management Contractor’s procedures for quality assurance and its standard operating procedures;
• revisions to its procedures;
• copies of the written requests between the Management Contractor, the PSC, and the IDA to clarify, to amend, to revoke, and/or to introduce new regulations and/or procedures in respect of the Management Contractor’s contract, terms of reference, and/or TeLIM. The File will include all related approvals, rejections, and “no objection” responses.

Care will be exercised to ensure that any pressure to disburse funds, particularly in the early stages of the FCO and TAO components, does not lead to a diminution in the TeLIM procedures on “capability,” “additionality,” and “spillovers.”

**Reporting.** The Management Contractor, in cooperation with the managers of each sub-component will be responsible for preparing a Quarterly Report for submission to the PSC which, in turn, will submit the reports to the IDA. The Management Contractor will ensure symmetry between the reporting standards of each sub-component. Each Quarterly Report for the FCO will typically include the following chapters.

• Executive Summary, which will summarize the subsequent chapters of the report;
• Promotion of the FCO, which will include: a description of the marketing activities in the context of the overall marketing strategy and the relevant Annual Work Program; a table which will list the firms met (including date and place) for the marketing of the FCO; a table which will list press releases issued and media coverage obtained (copies to be included in an appendix to the report);
• Programming Technical Learning Activities, which will describe, in the context of the relevant Annual Work Program, the firm-level technology-transfer programming activities, listing firms, location, date(s) and activity;
• Service-Providers’ Activities, which will report on the Service Providers Register, on advice to potential beneficiaries on the sourcing of service providers, and on relevant professional practice matters;
• Advice in the Application Process, which will describe the work undertaken on a firm-by-firm basis;
• Projects’ Application and Implementation; which will describe and analyze:
  ▪ grant applications: including the number received, value, sectors, project types; location of firms; size of firms; and other relevant information;
  ▪ evaluation of grant applications: (a) for successful applicants - number, value, sectors, project types, location of firms, size of firms, location of service provider, and other relevant information; (b) for unsuccessful applicants - number, value, sectors, project types, location of firms, size of firms, reason for rejection, and recommended next steps for the applicant;
  ▪ project implementation: status of the projects in implementation;
  ▪ disbursement of grant: number and analysis of projects which have been completed; await disbursement of grant; and elapsed time between the end of the project, submission of correct reimbursement justifications, and disbursement;
• Impact of the Sub-Component: including a summary of the Project Impact Forms, and an assessment of the totality of the individual grants and projects in achieving the objectives and the rationale of the sub-component, particularly with reference to “additionality” and to “spillovers.”.
• Sub-Component Management: which will describe office administration matters, and operating costs versus budget, line by line.

Each sub-component will be reported on using similar headings similar to the above which are relevant to the individual sub-component.
Each Quarterly Report will include:

- an introduction to the report which consolidates the work in one chapter of the individual sub-components;
- an "Issues Arising" section for each management task in each chapter which will, for example, raise difficulties in implementation and variations from the managers' expectations, and make comments and/or recommendations in the case of each issue raised. If there are no "issues arising," the Management Contractor will be required to state under the heading that there are no issues arising in each case; and
- appendices including interalia:
  - relevant Project Information Sheets and Project Impact Forms;
  - minutes of each PSC meetings; and
  - copies of media coverage.

**Monitoring.** The Management Contractor's field staff will be responsible for the day-to-day basis for the quality of their work. The head office of the Management Contractor will monitor the work of its field staff on a regular basis to ensure that its performance is consistent with the objectives and rationale of the TLC as expressed in the TeLIM. This will include ensuring that

- the work undertaken is targeted on the objectives and rationale of each sub-component, including the need for ""additionality"" and for ""spillovers"";
- the sub-components work in an integrated manner, cooperate and achieve synergy so that, for example, (a) firms which require technical learning to link effectively with others are referred to the FCO; (b) training needs identified in the FCO and LPO are referred to the TAO;
- activities are concentrated on firms with "capability", and are offered in a "private-sector friendly way;"
- the strategic direction of the TLC, is consistent with the component's objectives;
- planning, implementation, reporting, and monitoring follows the requirements of the TeLIM; and
- office procedures and management information systems and procedures are compatible with international quality standards, e.g., ISO 9000, for effective implementation, internal monitoring by the Management Contractor, and external monitoring by independent auditors.

The Management Contractor will file copies of the Terms of Reference (including duties to be performed but excluding details of remuneration and matters of a personal nature) for each of its field staff on mobilization with the PSC and the IDA. It will undertake an appraisal of the performance of individual members of staff at six-monthly intervals during the first year of the project and thereafter at yearly intervals, and submit copies of the appraisals to the PSC and the IDA.

Where the Management Contractor consists of a consortium of firms, the lead member of the consortium will have responsibility for ensuring the tasks of the management contractor are carried out and monitored.
INDEPENDENT OPERATIONAL AUDITING

The PSC will commission an independent operational audit from a qualified auditor under competitive procedures according to World Bank guidelines. The auditor will undertake a technical and financial audit of the Technical Learning Component after the first six months, after the first twelve months, after the first eighteen months, and annually thereafter.

The first audit will be to ensure that the Management Contractor’s administrative procedures are working satisfactorily; to advise the Management Contractor and the PSC on project implementation issues; and to assess the initial projects approved. The second and subsequent audits will, in summary, have the following ToR:

Objective. To establish whether the procedures being implemented in the Technical Learning Component are supporting (a) an increase in the transfer of technology to firms including “additionality” and “spillovers”; (b) a broader and deeper training market; and (c) facilitating supply linkages between Mozambican supplier firms and “purchaser” firms.

Purpose. To determine whether (a) the Management Contractor is implementing the TLC professionally, and according to the procedures in the TeLIM; (b) the assumptions made in the TLC design remain valid; (c) the PSC is functioning as envisaged in the TeLIM; (d) the TLC implementation is on course to satisfy the objectives and rationale of the individual sub-components; and (e) the component’s implementation is according to budget.

Activities. The evaluators will undertake the following tasks:

- undertake desk research studying the TeLIM; the Project Implementation Plan; the Management Contractor’s Contract and Terms of Reference; the Annual Work Program(s); and the Quarterly Reports;
- ensure that the planning and reporting is carried out as specified in the TeLIM;
- interview relevant IDA staff;
- visit Mozambique and
  - interview relevant PSC members, MICTUR staff, the Management Contractor’s field staff, and representative organizations in the focal sectors;
  - review the Management Contractor’s administrative procedures, including its internal monitoring procedures and its appraisal of staff;
  - interview a stratified random sample of beneficiaries for each of the sub-components, and compare them with the Management Contractor’s grant evaluation, project implementation, grant disbursement, and impact monitoring procedures; and
  - interview a random sample of potential beneficiaries which have not availed of the TLC to assess the reasons, if any, of their not seeking to avail of the TLC; and to establish a control group (counterfactual) to assess the “additionality” of FCO grants.
- to assess proposals from the PSC to amend the operating procedures; and

These independent operational audits will be supplemented by a final project evaluation commissioned by IDA.

(ends)
### FCO Project Scoresheet

<table>
<thead>
<tr>
<th>Firm capability</th>
<th>Project benefits</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>Technical</td>
<td>Financial</td>
</tr>
<tr>
<td>Financial</td>
<td>Knowledge</td>
<td>Economic</td>
</tr>
<tr>
<td>Project score</td>
<td>Ex-ante</td>
<td>Ex-post</td>
</tr>
</tbody>
</table>

**Notes:**

1. An evaluation of the extent to which the FCO grant could introduce technology (production or management knowledge) which could strengthen the vertical value chain, e.g., buyers assisting in technology transfer, or be diffused down/up the value chain.

2. An evaluation of the extent to which the FCO grant could facilitate the acquisition of a technology which could lead to lower prices or higher product quality in the value chain, e.g., a packaging firm whose product prices drop due to new technology.

3. An evaluation of the extent to which the FCO grant could facilitate the transfer of a technology which would provide a "demonstration effect" for other firms in the same industry.

4. An evaluation of the extent to which the FCO grant creates competitive pressure, by way of price changes or product quality, on other firms in the same industry to adopt new technology.

5. An evaluation of the extent to which the FCO grant creates incentives for a broader or deeper market to develop in technology support services, e.g., if FCO grant raises the demand for consulting services, this might create incentives for local service providers to start up.

(a) Insert the score 3 for high; 2 for average; 1 for low.
(b) Insert the score 1 for no; 0 for yes.
(c) Insert date on which scoring was completed.
## TAO Project Scoresheet (Training Course Delivery)

<table>
<thead>
<tr>
<th>Firm capability</th>
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<th>Training course</th>
<th>Project benefits</th>
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<td>Content</td>
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<td>Trainers</td>
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<td>Marketing</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>With or without TAO</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>With or better with TAO</td>
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<tr>
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<td>To the economy</td>
<td>Specify</td>
</tr>
<tr>
<td>Project score</td>
<td>Ex-ante</td>
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## TAO Project Scoresheet (Training Course Development)

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<tr>
<td></td>
<td>Ex-post</td>
<td></td>
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</tbody>
</table>

### Notes:

(a) Insert the score 3 for high; 2 for average; 1 for low.
(b) Insert the score 1 for no; 0 for yes.
(c) Insert date scoring was completed on.
### Schedule for Reporting, Auditing, Contracting, PSC's Reviews of Management Contractor, and Final Evaluation

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<tr>
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<tr>
<td><strong>PSC review contractor</strong></td>
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<tr>
<td><strong>Final evaluation</strong></td>
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### Schedule for Reporting, Auditing, Contracting, PSC's Reviews of Management Contractor, and Final Evaluation

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<thead>
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<tr>
<td><strong>Final evaluation</strong></td>
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</table>

**Notes:**
The PSC may find it desirable to schedule the reporting, the auditing, and the PSC written review of the contractor at the end of each year so they are sequential, rather than coincide.