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Master's Dissertation in International Studies

Is the United Nations Development Assistance
Framework 2017-2020 relevant partnership for micro,
small and medium enterprises capacity building in
Mozambique?

August 2020

Graduate School of International Studies

Seoul National University

International Area Studies

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Is the United Nations Development Assistance Framework 2017-2020 relevant partnership for micro, small and medium enterprises capacity building in Mozambique?

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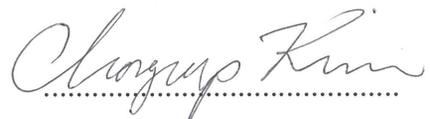
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Abstract

The specific actions on micro, small, medium enterprises (MSMEs) capacity building (CB) under United Nations Development Assistance Framework (UNDAF) 2017-2020 are part of value chain and value added from agro-industry and the linkage to extractive industry. These MSMEs CB are aligned with Government of Mozambique (GoM) inclusive development agenda.

In some extent MSMEs CB under UNDAF are inducing national capacity (NC) and Theory of Change (ToC) as there able to optimize GoM institutional and technical capacities. The MSMEs CB on the context of UNDAF are covering core business activities associated to productive sector of the economy, which incentivize value added into the value chain out of non-value added activities related to trade retail and general services. Therefore, these MSMEs CB constitutes valuable experiences that are applicable for country's inclusive development agenda.

The United Nations (UN) and GoM are key partner on UNDAF's MSMEs CB and other stakeholders are complementary but not key partners. The main lesson is that the GoM as MSMEs CB implementer is advised to maximize the UN comparative advantage. Also, as key partner of UNDAF's MSMEs CB the GoM is advised continuing to consolidate its institutional and technical capacities complemented with UN global cinergy. These accomplishment stands as crucial for GoM NC and ToC

toward continuous favourable business environment to MSMEs targeted by UNDAF comparative advantage.

Key words: UN, GoM, UNDAF, MSMEs, CB, comparative advantage, NC, ToC and inclusive development.

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Acronyms

UNDAF: United Nations Development Assistance Framework

UN: United Nations

UNCT: United Nations Country Team

UNDG: United Nations Development Group

CA: Comparative Advantage

CCA: Common Country Analysis

HCT: Humanitarian Country Team

RGs: Result Groups

UNIDO: United Nations Industrial Development Organization

SPX: Subcontracting and Partnership Exchange

RECP: Resource Efficient Cleaner Production

ILO: International Labour Organization

UNDP: United Nations Development Program

UNICEF: United Nations Children Fund

UNFPA: United Nations Fund for Population Activities

WFP: World Food Program

GoM: Government of Mozambique

MOFA: Ministry of Foreign Affairs and Cooperation

NC: National Capacity

SC: Steering Committee

ID: International Development

IDC: International Development Cooperation
ITA: International Technical Assistance
IGO: Intergovernmental Organization
NGO: Non-Governmental Organization
PPP: Public-Private-Partnership
MSMEs: Micro, Small, Medium Enterprises
SMEs: Small, Medium Enterprises
IPEME: Institute for Promotion of SMEs
LEs: Large Enterprises
CB: Capacity Building
ToC: Theory of Change
DaO: Delivering as One
MDGs: Millennium Development Goals
SDGs: Sustainable Development Goals
APIEX: Agency for Investment and Export Promotion
CPI: Investment Promotion Centre
GAZEDA: Economic Accelerated Development Zones
LDCs: Least Developed Countries
GNI: Gross National Income
GDP: Gross Domestic Product
NPL: Non-Performing Loan
SAP: Structural Adjustment Program
SAF: Structural Adjustment Facility

ESAF: Enhanced Structural Adjustment Facility

FDI: Foreign Direct Investment

HIPC: High Indebted Poor Country

PRGF: Poverty Reduction and Growth Facility

PRSP: Poverty Reduction Strategy Paper

KPMG: International consulting firm

FFS: Farmers Field Schools

PFS: Pastoral Field School

1. Introduction

Here is presented the research general background. First it presents proposed research topic with its scope and frame time. Following, it gives the fundamentals related to introduction of UNDAF within the UN. Next, it presents general profile related to MSMEs. Chronologically, it presents the justification of selected topic, the purpose for the research along with the motivation and relevance. Furthermore, the chapter presents the identified research problem, the previous question raised, the objectives and the research hypothesis. Also, the chapter will indicate the research relevance along with its theoretical framework. Finally, it presents the research structure.

The dissertation topic is the question: Is UNDAF 2017-2020 relevant partnership for Micro, Small and Medium Enterprises (MSMEs)¹ capacity building (CB) in Mozambique? Its frame time covers January 2017 and June 2019. The dissertation's topic is aligned with candidate selected specific area of academic concentration: The United Nations (UN) and International Development (ID).

¹ In Mozambique, under 2007 Small Medium Size Enterprises (SMSEs) Strategy, the concepts MSMEs and SMEs are used alternately. (2007 Small Medium Size Enterprises (SMSEs) Strategy, page 1 (approved by 22nd ordinary session from the Ministers Council, held on 21st August 2007).

The UNDAF as UN and GoM continuous partnership started in 2007 as result from joint UN and local government, Country Situational Analysis Document and UN Position Paper on Mozambique Development Challenges. Aligned both with national and international development instruments², the first UNDAF originally was implemented from 2007 to 2009, with extension of two (2) years (until 2011) and the second UNDAF from 2012 to 2015, with extension of one (1) year (until 2016).

The current UNDAF 2017-2020 is the third UNDAF's cycle and translate the consolidation of UN reform under 2010 Delivering as One (DaO) approach³, which its pilot phase included Mozambique. The UNDAF 2017-2020 express the evolution from 21 UN agencies based on 49 outputs and 8 outcomes from 3 result areas, comprising economic, social and governance⁴, related to Millennium Development Goals (MDGs) to 37 outputs distributed in 10 outcomes from 4 result areas⁵, anchored on 5 UN programing principle⁶, which under SDGs umbrella,

² As the previous, the current UNDAF is aligned to: (i) Mozambican Agenda 2025; (ii) GoM's Five Year Programme 2015-2019; (iii) Agenda 2015-2030 with its connected Sustainable Development Goals and (iv) African Union Agenda 2063.

³ Had as original reform pillars: (i); one program; (ii) one budgetary framework; (iii) one leader; (iv) one office and common services; (vi) one communication strategy.

⁴ The UNDAF 2012-2016, which its scope was "reduce poverty and inequality for improve the lives from the most vulnerable people in Mozambique by 2015.

⁵ The UNDAF 2017-2020, comprises as result areas: (i) prosperity; (ii) people; (iii) Peace and (iv) planet.

⁶ The UN intervention is anchored on: (i) gender sensitive; (ii) Human right based; (iii) environmental sustainability; (iv) development of national capabilities and (v) result oriented.

aims to support GoM Five Year Program goal: To improve the living conditions of the Mozambican people by increasing employment, production and competitiveness, creating wealth and generating balanced and inclusive development, in environment of peace, security, harmony, solidarity, justice and cohesion among Mozambicans.

In Mozambique, under 2007 SMSEs Strategy, the concepts MSMEs and SMEs are used alternately.⁷ According to World Bank (2018:4), SMEs accounts for over 90% of worldwide firms. The estimated total number of formal and informal MSMEs were 420-510 million firms, with majority of 365-445 million located on developing economies. Mozambique has 4.5 million of MSMEs' owners, with around 75% as informal cluster from the economy, composed by 4.2 million individual entrepreneurs (92.7%) and over 300 thousand with employees (7%), which owns 4.9 million businesses, employs 850 thousand people and contributes with overall 5.4 million employees in the economy⁸.

⁷ 2007 Small Medium Size Enterprises (SMSEs) Strategy, page 1 (approved by 22nd ordinary session from the Council of Ministers, held on 21st August 2007).

⁸ FinScope MSME Survey, Mozambique 2012.

Fulfilling the country's third priority from the second pillar of the GoM Five Year Program 2015-2019⁹, Mozambique accounts with a set of institutional and legal framework related to operations of MSMEs. In Industry and Trade Ministry stands an institute for promotion of MSMEs (IPEME)¹⁰ is in charge of promote the small and medium entrepreneurs and business. Also, stand for support the MSMEs, the Agency for Investment and Export Promotion (APIEX)¹¹. The public sector is complemented with trade association and a private sector confederation¹².

Along with the institutional support, there are standing policies, strategies and plan for support MSMEs. At macro level, the 2025 Agenda and its operational GoM Five Year Program 2015-2019 provides the country's strategic vision on the promotion of MSMEs on medium and long term. Associated, at operational level, the country accounts with: (i) National Development Strategy 2015-2035; (ii) Strategy for Business Environment Enhancement¹³; (iii) Export Strategy 2012-2017; (iv) Strategy for Employment and Vocational Training 2005-2015; (v) 2017 Employment Policy implementation Plan; (vi) Private Sector Development Strategy 2013-2022; (vii) National Financial Inclusion Strategy 2016-2022 ;(viii)

⁹ Promote employment, productivity and competitiveness under balanced and sustainable macroeconomic framework

¹⁰ (in Portuguese)-*Instituto para Promoção das Pequenas e Médias Empresas*.

¹¹ (in Portuguese)-*Agência para Promoção de Investimento e Exportações*.

¹² (in Portuguese)-Known as *Confederação das Associações Empresarias* (CTA), it stands as the most representative private business association.

¹³ (in Portuguese)-Known as ENAM II.

Sustainable Development Program 2015-2030 under Ministry of Land, Environment and Rural Development¹⁴ and (ix) new Strategy for MSMEs¹⁵.

Also at operational level, Mozambique is supporting the MSMEs, through simplified schemes of business licensing and formalization from One Stop Shops¹⁶. The country account with diversified institutional initiatives on MSMEs support¹⁷, which the most representative from the public sector is the District Development Fund¹⁸. There some relevant private sector initiatives on MSMEs support¹⁹. On the

¹⁴ Under responsibility from Land, Environment and Rural Development Ministry, known as “project Star”, it aims to provide in the rural areas: (i) improved electricity connectivity; (ii) expand banking services; (iii) improve water supply and (iv) expand infrastructures associated to technologies.

¹⁵ Under responsibility from the Ministry of Industry and Trade through entrepreneurial development centres, the strategy stands for promote: (i) enhanced business environment; (ii) improve MSMEs capacities; (iii) improve the access to financial service by; (iv) Enhance MSMEs market access; (v) enhance the monitoring and evaluation mechanisms.

¹⁶ (in Portuguese)-Known as *Balcão de Atendimento Único*, it is a multi-institutional service for licensing and formalizing the business into a single governmental department (also it as an electronic platform, e-BAU).

¹⁷ It comprises : (i) Simplified Tax for Small Contributors (it also exempt Value Added Tax and reduce Corporate Income Tax for Small agri-business; (ii) Business Development Centres (known as *Centros de orientação de Negócios-CORE*, they provide MSMEs business guidance); (iii) Competitiveness and Private Sector Development (Known in Portuguese as *Programa de Apoio Competitividade e Desenvolvimento Impresario-PACDE*, it assists on channelling grant scheme funds for enterprise competitiveness and on accountant and exports); Zambezi Development Agency (multi business funding along four provinces on Zambezi river basin-Zambezia, Tete, Sofala and Manica provinces).

¹⁸ The fund provides financial support to rural entrepreneurs and MSMEs.

¹⁹ There a set of initiatives, which the most active are: (i) *ideiaLab* (focused on entrepreneurship and incubating start-ups; (ii) start-up competition “outside the box”, since 2013; (iii) TP JGC Coral Mozambique Lda (which is a consortium of TechnipFMC, JGC Corporation and Samsung Heavy Industries implementing Floating Liquefied Natural Gas at Mozambique area 4); (iv) Beluluane Industrial Park SME support (facilitate supply chain for

context of huge investment on extractive industry, a World Bank program²⁰ related to NC is supporting the public sector, on local content related to MSMEs.

The selection of a topic related to UN is justified as a specific area of academic concentration due the organization key contribution on global effort to economic growth and ID. The UN constitutes the world primary platform which agglutinates ID initiatives from governmental institutions, private investors and civilian society. The UN along its ID contribution is selected as relevant knowledge field, which is one of world's top agenda as primary effort from governmental institutions, private investors and civilian society under the umbrella of International Development Cooperation. Therefore, for operationalize, the specific area of academic concentration (UN and ID), the UNDAF stands as primary choice as guide from UN and developing Member State for support the national development as

Mozal Aluminium Smelter and related industries); (v) Tsebo catering (pooling SMEs improve scale); (vi) Standard Bank incubator; (vii) MZLNG Standard Certification Program from Anadarko-now Occidental/Total Africa(opportunities of certified procurement within Liquefied Natural Gas at Mozambique area 1); (viii) Enterprise Centre Cabo Delgado from Standard Bank (networking within oil&gas players); (ix) Grow Mozambique-MozGrow from multimedia SOICO (Agriculture value chain and agri-business); (x) Moztech from multimedia SOICO (Information and Communication Technologies (ICT) value chain and ICT tech business). (xi) INOVE from Vale coal corporation (facilitate certified local supply chain); (xii) Sasol Supply Development Program from Gas corporation Sasol (facilitate certified local supply chain); (xiii) ;(for Enterprise Mozambique (development of entrepreneurial capacities); (xiii) Mozlink from Mozal Aluminium Smelter (facilitate supply chain for Mozal and related industries); (xiv) Entrepreneur Support Cabinet from Confederation of Trade Association (the main and representative business association in Mozambique) and Youth's Entrepreneurs Association (ANJE)-It aims to foster start-ups and business networking.

²⁰ Mining and Gas Technical Assistance Program (MAGTAP).

partnership, according to national and ID policies and strategies. Thus, the UNDAF stands as UN multiform assistance to a Member State government national development agenda.

The UNDAF as relevant partnership on the context of MSMEs CB constitutes a relevant topic for research for Mozambique. Since 2007, the UNDAF stands as UN multiform assistance to the GoM national development agenda. Therefore, UNDAF stands as relevant partnership for MSMEs CB, considering UN comparative advantage. The MSMEs constitutes relevant research topic's part, in view of the contribution from MSMEs to SDGs, in order that, the United Nations General Assembly adopted the resolution (A/71/L60), which designated 27th June as MSMEs day.

The resolution recognizes the importance of encouraging the formalization and growth of MSMEs in international, regional and local market, including through access for all to CB and financial services²¹. According to World Bank²², MSMEs contributes up to 45% of total employment and 33% of Gross Domestic Product in

²¹ According to global symposium on the role of micro, small, medium enterprises in the achievement of the Sustainable Development Goals, held in New York, from 7 to 8 June 2018.

²² <https://www.worldbank.org/en/topic/sme/finance> (accessed on 11 September 2019).

emerging market economies, and it would increase significantly high when are included informal MSMEs, particularly in developing countries.

The research purpose on UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique is to capitalize the relevance of the UN support on MSMEs. Then. The dissertation constitutes a potential original research, considering that in general terms there has a gap in academic researches on UNDAF contribution on ID, specifically in Mozambique. In addition, also there has a gap of researches on UNDAF specific contribution on MSMEs in Mozambique. The dissertation thesis is that UNDAF stands as relevant partnership for MSMEs CB in Mozambique. The lack of researches related to UNDAF is both potential field of research as well a limitation. Then, the research focus on available primary and scarce secondary sources.

The motivation for study UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique has academic-professional background related to the dissertation's candidate. Therefore, the dissertation is related to the role of the Mozambican Ministry of Foreign Affairs and Cooperation (MOFA), on the

implementation of UNDAF in the country. MOFA²³ represents the Government as a whole, in order that co-chairs with the UN, the UNDAF Steering Committee, which is the first high level strategic decision-making body. Under this assumption, the Government's UNDAF ownership implies high level of MOFA CB on all related issues to UNDAF. Then, the present dissertation constitutes a potential academic and professional contribution to MOFA as co-chair of UNDAF Steering Committee.

The study on UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique stands as relevant, under assumption that, was under UN contribution through UNDAF that was carried out the most comprehensive pilot program on MSMEs CB in Mozambique²⁴. Therefore, the research has significance as its topic prevails less explored academically and also as effort of development from local NC through knowledge sharing and competence transference under partnership with the UN.

The dissertation's topic is the UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique? translates a long run UN-GoM partnership,

²³ Governmental entity in charge of the planning and implement the country's Foreign Policy (FP) and IDC on the bilateral and multilateral relations with International Community.

²⁴ UNDAF 2012-2016.

prevailing since the state foundation²⁵ and its construction path. In specific terms, the dissertation topic, expresses a long run cross institutional task force with long term sharing knowledge and competence transference, which is building a multidimensional experience and knowledge body on International Development Cooperation. Therefore, UNDAF is a valuable asset to be capitalized for Mozambique's challenges on inclusive development.

The dissertation's topic is the UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique? is built from the assumption that, since 2007 that the UN-GoM started with four (4) years UNDAF cycles, the partnership is able to contribute in sustainable way to Mozambique agenda of inclusive development with national ownership. Therefore, the UNDAF 2017-2020 is taken as more consolidate from the previous two UNDAF's cycles²⁶.

For UNDAF 2017-2020, the first premises is that it deals²⁷ with relevant challenges from the previous UNDAF (2012-2015) associated with: (i)

²⁵ 25th June 1975.

²⁶ It refers to UNDAF originally implemented from 2007 to 2009, with extension of two (2) years (until 2011) and the second UNDAF from 2012 to 2015, with extension of one (1) year (until 2016).

²⁷ The UNDAF 2017-2020 if didn't overcome the relevant challenges from its previous UNDAFs, at least it minimized them due to its implications on the implementation as well to its monitory and evaluation.

ineffectiveness from the Steering Committee as strategic decision-making body and coordination to UNDAF implementation as well monitoring and evaluation; (ii) Limited contribution and influence from UNDAF Monitoring and Evaluation team on monitoring and implementing UNDAF's monitoring and evaluation framework; (iii) UNDAF outcomes indicators set at different level (assessment of national achievement versus specific program); (iv) Some disconnection from outputs indicators and its related outcomes and (v) UNDAF insufficient core resources for both administrative and program development.

The second premise is that UNDAF 2017-2020 is capitalizing the UN comparative advantage, which comprises a key source of intellectual leadership on development, with long term country-level experience along with comprehensive capacities on its infrastructures and staff. Also, is UN comparative advantage, the environment its operate, based on its universalism, voluntarism and grant nature along with its neutrality and multilateralism, under support of national ownership, which can provide unique service to developing Member States. Therefore, from these comparative advantages, the UN is adequately well suited to assist the GoM in making effective use of external development support. Also is expected that the UN under International Development Cooperation, may provide International Technical Assistance on Mozambique's national CB on the context of its inclusive development agenda.

Under the two premises pointed out above, the dissertation's topic is the UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique? translates the relevance of "take-off" from MSMEs CB under UNDAF partnership. In general terms it constitutes a broad effort on country's national CB for address the formalization and growth of the MSMEs. Therefore, the dissertation's topic stands as relevant research for UNDAF's cycles follow up on MSMEs CB in Mozambique, under a chronological basis, which pursue to address the UNDAF's continuity on MSMEs CB.

For the dissertation is UNDAF 2017-2020 relevant partnership for MSMEs CB in Mozambique? The problem that is addressed is how the UNDAF multiple stakeholders are contributing on MSMEs sustainability through CB in Mozambique? The dissertation main research question is whether UNDAF 2017-2020 is a relevant partnership on MSMEs CB in Mozambique?

From the main dissertation problem and question, the questions that the research addresses are:

1. Which is the UNDAF 2017-2020 MSMEs CB key stakeholders for Mozambique?
2. Which is UNDAF 2017-2020 MSMEs CB actions for Mozambique?

3. What are the challenges from UNDAF 2017-2020 MSMEs CB in Mozambique?
4. What are the lessons from UNDAF 2017-2020 MSMEs CB in Mozambique?

The dissertation general objective is to study actions related to UNDAF 2017-2020 contribution to MSMEs CB in Mozambique and specifically the dissertation objectives are:

1. To understand UNDAF 2017-2020 key stakeholder role on MSMEs CB for Mozambique.
2. To study UNDAF 2017-2020 specific actions on MSMEs CB for Mozambique.
3. To address UNDAF 2017-2020 challenges on MSMEs CB in Mozambique.
4. To address UNDAF 2017-2020 lessons on MSMEs CB in Mozambique.

The study on UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique take as hypotheses:

1. The UN is UNDAF 2017-2020 key stakeholder on MSMEs CB in Mozambique?
2. The UNDAF 2017-2020 Government NC contributes to MSMEs growth in Mozambique?

3. The UNDAF 2017-2020 MSMEs CB is crucial to MSMEs sustainability in Mozambique?
4. The UNDAF 2017-2020 Government NC along MSMEs CB contributes to MSMEs' friendly business environment in Mozambique?

The present research has seven (7) chapters. Following this introduction, the second chapter presents the country profile along with research context and key concepts. The third Chapter deals with literature review, followed by the research theoretical framework and methodology in the fourth chapter. The Fifth chapter explores the UNDAF 2017-2020 key stakeholder's roles and its specific actions on MSMEs CB in Mozambique. The next chapter addresses the UNDAF's challenges and the main lessons drawn from UNDAF contribution on MSMEs CB. The seventh chapter presents the general conclusion about the relevance of the UNDAF 2017-2020 as partnership for MSMEs CB. Also, as additional integrant part, the research comprises a biographical reference, dedication, acknowledgment and appendix.

2. Research country profile, context and basic concepts

The chapter two presents the research country profile and its inherent context. Aligned with the topic under discussion, first, is explored the country's economic development path. Following, is discussed the political, social and economic context within the research is conducted. which is subject of the research explores. Also, with purpose of contextualize, the chapter end with an overview of research topic key concepts.

Profiling research country profile, Mozambique is least developed (LDC) or low income developing African country, locate in the southeast part from southern African region, which accounts 27.909.798 inhabitant²⁸. It has Gross Domestic Product (GDP) of USD 12.646 billion (World Bank)²⁹ and USD 440 per capita Gross National Income-GNI (*ibid*) and GDP growth rate was 3.7% (*ibid*³⁰). According to (Porter et al.: 2017: 7), from 1997 to 2017, Mozambique average GDP growth rate was 7%. Also, according to World Bank (2017: 1), from 2000 to 2016, the country's average GDP growth rate was 7.2%, climbing the GDP per capita from USD 561 to USD 1128 by 2011.

²⁸ <https://ine.gov.mz> (accessed May 2 2019)

²⁹ <https://data.worldbank.org/country/Mozambique?view=chart> (accessed May 2 2019)

³⁰ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MZ> (accessed May 2 2019)

On the context of economy of war³¹, under World Bank guidance, in 1987 the country started a Structural Adjustment Program (SAP), which comprised three stages. The first as Structural Adjustment Facility (SAF) until 1990 and the remaining rearranged two as Enhanced Structural Adjustment Facility (ESAF) from 1990 until 1999. Although, the program boosted the average GDP growth rate, mainly in the post war, through economic relaunch, it fails to translate integrally on people's development as well the country ended on the situation of High Indebted Poor Country (HIPC). In order to alleviate the negative impact of unsustainable debt and high poverty rates, under Poverty Reduction and Growth Facility (PRGF) from the World Bank and International Monetary Fund, , the country conducted the Poverty Reduction Strategy Paper (PRSP) from 1999 to 2009. According to Santos (2018:3), data from Fourth National Poverty Assessment, revealed a decrease in poverty rate from 54% in 2009 to 49.2% in 2015 of the population living under extreme poverty. However, those classified as poor rose by 1 million to 12 million on total. Also inequality widened, both in urban versus rural and between regions.

According to World Bank, (2017: 6), while multidimensional poverty has fallen, it remains high, almost half of the population (46.3%) continued to be poor in income and non-income sense, most of whom (84.9%) are in rural areas, and

³¹ In Mozambique this war took place from 1976 to 1992.

continued trapped into chronic poverty unless the cycle has break. Also, other 25% from the population were monetarily poor and under the risk of sliding back to poverty due to economic insecurity. In this context, there are still inequalities of opportunities. So from this panorama, the country accounts with a large numbers of vulnerable people.

In terms of research context, the UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique is addressed within an international context shaped by promotion of 2030 Agenda and SDGs under institutional and multilateral framework from the UN as well under the umbrella of Africa Union's Agenda 2063. At national level of Mozambique, the dissertation is addressed within a near political framework of remarkable political transition from post 15th October 2019 General Elections, which will operationalize a deconcentrated and decentralized State³² under 2018 constitutional revision. As a country on process of national CB, this new state framework, will translate in new institutional framework among central authorities and local entities, implying adjustment from all country's social and economic institutions and actors. On the same context, the dissertation is carried out in a politically landscape that for Mozambique, the peace and political

³² For the first time, the provinces will elect their governors and provincial assembly, which will extend to districts level on 2024 General Elections. Also, from 15 October 2019 General, the municipality's mayors will be elected among the local standing chairperson from political force with electoral majority.

stability³³ are the most valuable asset to preserve, for mobilize all resources to the promotion of inclusive development national agenda.

Also, the UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique is addressed within an international context socially challenged by prevailing increase gap of income and general well-being among the tiny very rich people and the overwhelming poor people³⁴ as well the development gap between the advanced and developed north countries and the majority south developing countries. At domestic level, Mozambique is still confronted with weak social development indicators, mainly on income and poverty dimension³⁵. In addition, Mozambique is dealing with reconstruction of post Idai and Kenneth cyclones, which severely devastated socially and economically the country.

³³ The GoM have been negotiating with relevant political force since post 2014 General Elections in order that there is a political agreement and the country still enjoying a peace and political stability.

³⁴The 1% of richest in the world, people with more than USD 1 million, has 45% of world wealth. Adult people with less USD 10 thousand represents up to 64% of world population but had less than 2% of world wealth. The wealthiest in the world had USD 100 thousand in assets and represented less than 10% world population but had 84% of global wealth- <https://inequality.org/facts/income-inequality> (accessed on 11 September 2019).

³⁵ The increase number of population is making difficult to reduce the number of poor people even though the poverty rate has been falling, from 2002-2003 to 2014-2015 (years of Household Budget Survey-*Inquérito aos Orçamentos Familiar-OIF*), the poor people number increased from 11 million to 12.3 million, therefore more 1.3 Million-World Bank (2018: 5) *Mozambique Poverty assessment: strong but not broadly shared growth*.

Economically, the UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique is addressed within an international context shaped with economic growth contraction³⁶ following the recover from 2009-2010 global economic crisis and slightly increase of commodities international prices. At domestic level, the research is carried out in context of renewed trust from international investors³⁷ on Mozambican market and huge natural recourses potential, mainly from extractive industry associated to oil and gas, which places the country as one of the important international players on oil-gas business. Therefore, there are opportunities for the country drives its economic diversification, boosted by competitive MSMEs, which can induce private sector-driven business opportunities³⁸ and minimize external shocks associated to commodities exports and international financial assistance. Under these considerations, the UN through UNDAF is a relevant partner for GoM's NC, in order to capitalize the opportunity from the extractive industry to inclusive development national agenda.

³⁶ According to International Monetary Fund, world economic growth dropped to 3.2% mainly on the second half of 2018 after 2017 economic growth of 4% - www.imf.org/en/Publications (accessed on 11th September 2019).

³⁷ In June 2019 GoM received the Final Investment Decision (FID) of USD 23 billion from American multinational Anadarko for a structuring Liquefied Natural Gas project in Mozambique. Also, there prospect of receiving the second FID with billionaire budget from others investors from other similar project.

³⁸ The current economy is dominated by opportunity of business provided from the public sector procurement.

For purpose of contextualize the research topic, the present chapter discusses the key concepts. Therefore, sequentially is discussed: (i) concept of UN; (ii) the views of ID; (iii) the notion of UNDAF; (iv) interchangeable understanding of MSMEs; and (v) views on CB.

The UN³⁹ is a supranational organization established in 1945 for keep international peace and security. Actually it has more than 193 Member States and General Assembly members, which is responsible for organization's new membership upon recommendation from the Security Council. The UN main organs are: (i) General Assembly; (ii) Security Council; (iii) Secretariat; (iv) the economic and Social council; (v) International Court of Justice and (vi) Trusteeship Council. The UN purposes beyond international peace and security are: (i) foster development of friend relations among nations; (ii) cooperate for solve international problems and promotion of human rights; (iii) canter of harmonizing the actions of nations⁴⁰.

³⁹ The 32nd United States President Franklin Delano Roosevelt (1933-1945) coined the name UN and was used for the first time in a UN Declaration from 1st January 1942, during the period of Second World War, quoting UN (2008:3) The UN today. UN Department of Public Information: New York.

⁴⁰ <http://un.org/end/about-un/> (accessed on 11 September 2019)

According to Weiss *et al* (2018:2-3)⁴¹, analytically, is really the UN comprises three different but interactive entities, which often cooperate with work cross-purpose. As entities they represent complex interests, in order that some strive to maintain *status quo* and others seeks substantive change. Weiss, points out that the first UN is an institutional framework of Members States, which brings their different aspirations, values, ideologies and capacities on the table. Therefore, the first UN, primarily is an Intergovernmental Organization, in which the Member States may pursue or conduit their foreign policy by diplomatic and multilateral means.

For Weiss (2018:4-5), the Second UN comprises the Secretary-General and international civil service, which the decision making and policy-making by the UN officials are independent and not completely instructed by Member States. It offers the possibility of neutrality and adds to a sense of legitimacy in numerous situations as UN principles and values guardians. Finally, Weiss argues that the third UN comprises the network of Non-Governmental Organizations (NGOs), experts, corporate executives, media representatives and academics who work closely with the first and the second UN. Technically, these individuals are not second UN's formal employees, but they are influential as usually they have large prior work experience with UN Member States or the UN agencies.

⁴¹ Weiss; Thomas *et al* (2018) *The United Nations and Changing World Politics*. Routledge, 8th edition: New York.

For discuss ID, first is important to approach Sumner and Tribe (2008:11)⁴² that argues that there are three noticeable definition of development. The first has historical and long term relatively value free of development as a process based in structural societal change (structural transformation). The second definition is related to policy, evaluation or indicator led, which is based on value of judgement with short to medium term horizons. It is a narrow technocratic or instrumental focused on short and medium compared measurement of performance indicators with its targets (outcomes of change). The third is post-modernist, considered as ethnocentric and ideologically loaded on Western concept of development. It is constructed from the view that development has consisted on bad change and bad outcomes imposed from ethnocentric Western notion of development upon to the “third world”⁴³ (Western socially constructed discourse of its modernity and imposed on the south).

For Todaro and Smith (2012:5)⁴⁴, development constitutes a process of improving all human lives and capacities qualitatively, raising people’s level of living, self-

⁴² Sumner; Andy and Tribe; Michael (2008) International Development Studies: Theories and methods in research and practice. Sage: London.

⁴³ After the end of cold war, this term coined by Alfred Sauvy is questionable as there are developed and developing countries, out of so-called capitalist first world, block of socialist countries as second world and the rest underdeveloped Third World.

⁴⁴ Todaro; Michael and Smith; Stephen (2012) Economic Development, 11th Edition. Person: Boston.

esteem and freedom. According to Horner (2019: 2-3)⁴⁵, ID with frequency is inaccurately applied as an umbrella term for development research and practice, through the combination of two words, which do not entirely reflect all its association with in terms of their domain. Quoting Suganami (2009:231)⁴⁶, Horner refers that the origin of the word “international” dates to Jeremy Bentham, who created the word during the late century, for relate it to the law, which governs the relations between the states. Furthermore, he argues that the term “international” was popularized during the 19th century with the raising the nation-state and cross border transitions. Related to term development, Horner⁴⁷ argues that is important to distinct the big “D” from the little “d”. The first refers to intentional practice or desired action and the second is underlying process of capitalist development, in order that ID is frequently associated with actions proposed for, and research related to the poor countries, including foreign aid (Horner 2019:3)⁴⁸. Therefore, according to Horner the ID is narrowly-conceived development proposed by the North and devoted around transfers (policies, technologies, aid, institutions,) to

⁴⁵ Horner; Rory (2019) *Towards a new paradigm of global development? Beyond the limits of international Development*. Sage: Manchester and Johannesburg.

⁴⁶ Suganami; H (2009) A note on origin of the word “international”. *British Journal of international studies* 4 (3):226-232.

⁴⁷ Horner; Rory (2019), quoting Cohen; M. and Shenton; R. (1996) *Doctrines of Development*. Routledge: London; Hert; G (2001) *Development critics in the 1990s: Culs de sac and promising paths*. *Progress in human in Human geography* 25(4): 649-658 and Bernstein; H (2006) *Studying development/ development studies*. *African studies* 65(1): 45-62.

⁴⁸ Horner; Rory (2019), quoting Sumner; A. and Tribe; M. (2008) *International Development Studies: Theories and methods in research and practice*. Sage: London. Mönks; J. (2017) *Towards a renewed vision of development studies*. *International Development Policy* 8 (1) and Currie-Alder; B (2016) *The state of development studies: Origins, evaluation and prospects*. *Canadian Journal of Development Studies* 37 (1): 5-26.

global south, in order that its geographic focus of ID continues largely centred on the global south⁴⁹

Related to UNDAF, according to Balogun (2012)⁵⁰, the genesis of this partnership wasn't specifically in response to Member States request, but rather as part of a wide-ranging series of proposals reforms launched by then Secretary-General, Kofi Annan, in 1997⁵¹. At its inception, the UNDAF only was a tool from UN Development Program (UNDP), UN Child Fund (UNICEF), UN Fund for Population Activities (UNFPA) and World Food Program (WFP), which the specialized agencies were not expected to participate. They only started to be evolved in 2001 in response to 2001 Triennial Comprehensive Policy Review. The UNDAF is a UN assistance framework for national development from Member States, through: (i) UN support aligned with national priorities; (ii) promote SDGs from its previous Millennium Development Goals (MDGs); (iii) promote coherence in UN system operations; (iv) Reduce duplication from programs carried out by UN specialized agencies; (v) reduce transaction cost both from UN

⁴⁹ Refers to earlier Third World, now developing countries comprising Asia, Africa, Latin America and the Pacific.

⁵⁰ Balogun; Paul (2012) The relevance, effectiveness and efficiency of the UNDAF. UN Department of Economic and Social Affairs (UDESA).

⁵¹ UN (1997) Renewing the United Nations: A program for Reform: Report of the Secretary-General for 51st Session of the General Assembly. July (A/51/950). The UN comprehensive reform comprised: (i) new leadership; (ii) management structure; (iii) culture of great unity of purpose; (iv) coherence of effort; (v) UN agencies response capacity and (vi) Millennium Declaration. One the key outcomes of the 1997 reform were the inception of UNDAF.

system as well to Government when programming support and (vi) enhance the UN results focus at country level.

For discuss the view of MSMEs, first is important to point out that, under Mozambican local context, it has an exchangeable definition. Under this consideration, according to Reeg (2015:15)⁵², the definition of MSMEs differs across countries and throughout sectors and industries. Due to the lack of universal definition, the most used criteria for definition is its number of (regular or permanent) employees. In addition, depending on host country availability and economic character, additional criteria, such as firm capital investment or turnover are used for define MSMEs. Also, there a qualitative definition from UN Industrial Development Organization (UNIDO) comprising: (i) management; (ii) personnel; (iii) organization (iv) sales; (v) buyer's relationship; (vi) production; (vii) research development; (viii) finance (*ibid*).

According to UNIDO, the MSMEs has the following indicators: (i) are proprietary-entrepreneurship without functions connected to personalities (management); (ii) lack of college graduate and the so-called all-round knowledge (personnel); (iii) high personalized or informal contact (organization); (iv) non defined and

⁵² Reeg (2015), quoting Yon, R. and Evans, D. (2011) The role of small and medium enterprise in frontier capital markets. Network Science Center: West Point.

uncertain comparative position (sales); (v) unstable (buyer's relationship); (vi) labour intensive (production); (vii) following market, intuitive approach (research development) and (viii) role of family funds and self-finance (finance).

In Mozambique, according to 2007 General Statute for MSMEs⁵³, the MSMEs classifications are formally defined by number of workers and annual turnovers. Thus the MSMEs has the following classification: (i) micro enterprise (from 1 to 4 workers and a turnover of less than 1.2 million Meticaïs)⁵⁴; (ii) small enterprise (from 5 to 49 workers and a turnover from 1,2 million to 14,7 million Meticaïs)⁵⁵ and Medium enterprise (from 50 to 100 workers with a turnover from 14,7 million to 29,97 million Meticaïs)⁵⁶

Related to CB, according to World Bank (2005: 3)⁵⁷, as part of public sector reform⁵⁸, it should become the core relevant and effective objective with long term

⁵³ Mozambican Law 44/2011.

⁵⁴ Is equivalent to less than USD 20 thousand.

⁵⁵ From USD 20 thousand to USD 245 thousand.

⁵⁶ From USD 245 thousand to USD 499 thousand and 5 hundred.

⁵⁷ World Bank (2005) Capacity building in Africa: An OED evaluation of World Bank support. Operation evaluation department.

⁵⁸ (*ibid*) the main assumption was associated with continued weak state of public sector in most countries in Sub-Saharan Africa due to: (i) weak socio-economic basic conditions; (ii) low good governance from public institutions; (iii) low quality from the bureaucracy, public service with huge wage bills and weak accountability and corruption; (iv) negative externalities from the globalization in Africa (due to low competitiveness).

and systematic approach. Also, the bank states that the introduction of CB in 1990s originated by its conception as goal for achieving development objectives. For the Bank, CB should be treated as autonomous goal oriented to effective public and private institutions. Therefore CB comprises three dimensions: (i) human CB⁵⁹; (ii) organizational CB⁶⁰ and (iii) institutional CB⁶¹ (World Bank: 2005: 6-7).

For UNDP⁶², capacity is that process which individuals, organizations, and societies cultivate abilities to accomplish functions, solve problems, and set and achieve goals premised on ownership, choice, and self-esteem. Therefore, UNDP conceives CB as sustainable creation, retention, and utilization of capacity aiming to reduce the poverty, enhance self-reliance, and improve people's lives. On the context of MSMEs, according to Aladejebi (2018: 17)⁶³ CB are activities carried out for generate knowledge, skills and expertise for improve thinking ability oriented to productivity and sustenance.

⁵⁹ Individuals with skills to analyse development needs; design and implement strategies, policies, and programs; deliver services; and monitor results (*ibid*).

⁶⁰ Group of individuals bound by common purpose, with clear objectives and internal structures, processes, systems, staffing, and other resources to achieve them (*ibid*).

⁶¹ The institutional formal rules and informal norms, which provide the framework of goals and incentives within people operate (*ibid*).

⁶² World Bank (2005) Capacity building in Africa: An OED evaluation of World Bank support. Operation evaluation department, quoting Whyte; A (2004) Human and Institutional capacity building: Landscape analysis of donor trends in International Development. Report to Rockefeller Foundation: New York.

⁶³ Aladejebi; Olufemi (2018) The impact of the Human capacity building on small and Medium enterprise in Lagos, Nigeria. Journal of small business and entrepreneurship development, quoting Nell; W and Napier; R (2006) *strategic approach of farming success*. Bloemfontein. University of Free State. South Africa.

3. Literature review

The present chapter is related to literature review aligned with specific area of academic concentration (UN and ID) and the specific topic (UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique). As the topic is related to the UN and ID, first is reviewed the literature related to development, followed by review of existing literature on specific contribution from UNDAF 2017-2020 on MSMEs CB in Mozambique. Also, is reviewed literature on MSMEs and CB.

The current academic debate on development is related to: (i) pro-poor growth; (ii) inclusive growth; (iii) inclusive development. First, the most available literature is related to pro-poor growth, inclusive growth and inclusive development in general terms and there is scarce literature related to Mozambique. Second, the literature related to MSMEs is much of general focus and is not focused on MSMEs CB connected to UNDAF in Mozambique. Third, for the literature review on development, two considerations are important as starting point. On the one hand, is important to infer what is growth and the development and its association to inclusiveness. On the other hand, what are the academic views on pro-poor growth, inclusive growth and inclusive development.

As preliminary point of literature review on development, according to Gent (2017: 8) for address the growth, development and inclusiveness concept, is important distinguish clearly growth and development at an abstract level. Growth frequently refers to economic growth, through the increase of per capita income. Development, on other hand incorporates an agenda beyond growth. Gent (*ibid*)⁶⁴ refers that term development has been used to mention: (i) just the achievement of economic growth, (ii) change along the economic production structure, (iii) improvement in social indicators such as education and health among other socio-economic indicators.

Some scholars find the notion of development by highlighting the importance of freedom, democratic values and human rights. Others scholars add that peoples participation in decision making process which affects their life as basic tenet of development (*ibid*)⁶⁵. Finally, Gent (*ibid*)⁶⁶ refers that although the development cannot be defines precisely as growth, it consists of more than improvements in well-being of the citizens, translated in the capacity of economic, political and social system in provide the circumstances of well-being on sustainable, long-term basis.

⁶⁴ Quoting Kambur; Ravi and Rauniyar; Ganesh (2009) Inclusive Growth and Inclusive Development: A Review and Synthesis of Asian Development Bank Literature. Asian Development Bank.

⁶⁵ Quoting Sen, Amartya (1999) Development as freedom. Oxford University Press: Oxford.

⁶⁶ (*ibid*).

In relation to inclusiveness, according to Vellala, Madala and Chhattopadhyay (2014: 231)⁶⁷, the term “inclusive” is associated to Kakwani and Pernia, for using it for highlight the contents of pro-poor growth as that one, which enables the poor to participate in and benefit from the growth process, in order that inclusiveness encompasses equity, equality of opportunity and protection in market and employment transactions⁶⁸.

On context of development, according to Gent (2017: 9), the pro-poor growth and the inclusive growth are different from inclusive development. On the one hand, for Saad-Filho (2010: 9), the pro-poor growth was heavily influenced by the exchange on the relationship between growth and equity. For Ranieri and Ramos (2013:5)⁶⁹, pro-poor growth has two variants. That growth episode, which enough people are lifted out the poverty and poverty rate drops and the conditions of the poor improve in absolute term regardless the income distribution is “weak absolute

⁶⁷ Quoting Kakwani; N. and Pernia; E. (2000) “What is pro-poor growth? Asian Development Review: Studies of Asian and Pacific Economic Issues, Vol.18, No.1.Mandaluyong City, Philippines, Asian Development Bank.

⁶⁸ Vellala, Madala and Chhattopadhyay (2014: 231) quoting Growth Report (2010) Commission on Growth and Development- Strategies for Sustainable Growth and Development.

⁶⁹ Quoting Ravallion, Martin and Chen; S. (2003) “Measuring Pro-Poor Growth”, Economics Letters, Vol.78:93-99; Gross *at al* (2008) “Measuring Pro-Poor Growth in Non-Income Dimensions”, World Development Economics, 57 (2), 259-287 and (Lopez; J (2004) Pro-Poor Growth: a review of what we know (and what we don’t know) Washington, DC, World Bank, Gross *at al* (2008) “Measuring Pro-Poor Growth in Non-Income Dimensions”, World Development Economics, 57 (2), 259-287.

pro-poor growth” (*ibid*)⁷⁰. Also, Ranieri and Ramos add that the other proposed concept of pro-poor growth is focused on improvement on poor’s income relatively to the wealthier, rather than merely improvement of their income in absolute terms. Therefore, it implies the poor people’s income to grow more than wealthier people’s income.

For Saad-Filho (2010: 10), pro-poor growth encompasses presumed trade-off between equity (benefiting the poor relative to the rich) and the growth (benefiting everyone), in order that this translates the acceptance of mainstream-maximizing growth policies relatively to the narrower set of equity-promoting policies⁷¹. Finally, He summarizes if there has a relationship between growth and equity, then is pro-poor, the growth that promotes equity and implies that the economic policies are those that directly promote equity or the growth that expands the absolute condition of the poor (Saad-Filho: 9).

⁷⁰ Gross at al (2008) “Measuring Pro-Poor Growth in Non-Income Dimensions”, World Development Economics, 57 (2), 259-287.

⁷¹ Debate between income growth paradigm and Pro-Poor policies.

For Gent (2017: 9)⁷², the notion of pro-poor growth stands as other concept associated to inclusive development, older than inclusive growth as result of poverty reduction from 1970s. Therefore, the pro-poor growth is the one that enables the poor actively participate in and significantly benefit from economic activity (*ibid*)⁷³. Gent adds that poverty may fall due to growth effect dominate inequality effect, translating pro-poor growth as poverty reduction but without inclusiveness as the inequality level has risen, in order that the inclusiveness can be achieved less or more in the pro-poor growth, according to the dimension of inequality and poverty. Thus, the focus of pro-poor growth policy implies growth with as much inclusiveness as possible, mainly for the poorest as possible (*ibid*).

Related to inclusive growth, Klasen (2010: 2) refers “inclusive growth as more than a broad-based growth. While economic growth is well-defined but narrow concept, inclusive growth focuses on a subset of such growth. Since not all growth episodes are inclusive, it is necessary to separate those that are from those that are not. Growth is necessary condition for inclusive growth”. Klasen (*ibid*) adds that the growth is inclusive as process if it has non-discriminatory participation and as outcome of the process if it declines inequality, by benefiting many people, in

⁷² Quoting Johnson; B. and Anderson; A. (2012) Learning, innovation and inclusive development: New perspectives in economic development strategy and development aid. Aalborg Universitetsforlag. (Globelics thematic report, vol.2011/2012).

⁷³ Quoting Kakwani; N. and Pernia; E. (2000) “What is pro-poor growth? Asian Development Review: Studies of Asian and Pacific Economic Issues, Vol.18, No.1.Mandaluyong City, Philippines, Asian Development Bank.

order that Vellala, Madala and Chhattopadhyay (2014: 231)⁷⁴ point out that the elements for inclusive growth are associated with employment and productivity, human capabilities development, social safety nets and its proposed interventions. McKinley adds that productive employment is an aspect of inclusiveness that has been generally neglected to track its progress. Then, Ranieri and Ramos (2013: 10, 13) refer that inclusive growth implies participation and benefiting sharing, ensuring that the process of growth was inclusive and expands the number of people contributing in the economy.

For World Bank (2009: 1), the starting point for discuss inclusive growth, first is to infer that the concept is often used interchangeably with other concepts, including “broad-based growth”, “shared growth” as well pro-poor growth, in order that is important clarify their distinctions and highlight similarities. Second, is the distinctness that the inclusive growth is both pace and pattern of growth, in order that the analysis on growth and poverty are done separately. Under these two starting assumptions, there has relevance of fast and sustained poverty reduction, which needs inclusive growth with economic growth. Then, fast pace of growth is unquestionable for extensive poverty reduction but it should be broad-based across sectors and inclusive to large labour force in order to be sustainable in the long run.

Overall, inclusive growth involves direct connection among macro and micro

⁷⁴ Quoting Ali; Afzal (2007) Defining and measuring the inclusive growth: Asian prescriptions, ERD policy brief series No48, ADB, Manila.

determinants of growth, denoting structural transformation oriented to diversification and competition, including the creative destruction of jobs and firms (*ibid*).

Under the context presented above, according to World Bank (2009: 2) inclusive growth as long run process lies on productive employment rather than the redistribution of income, as mean for increase the income from exclude groups. Here is emphasized that income redistribution is not sustainable in long run as it imposes significant burdens for those low income countries, which faces stretched budgets. Therefore, these countries can't reduce poverty through transfer schemes, except in short run as transitory measure to reduce its negative effects on pro-poor policies oriented to boost economic growth. In addition, if the poor benefits from the growth through income redistribution, for inclusive growth, productivity requires improvement along with the creation of new employment opportunities.

Also the World Bank (2009:3), adds that inclusive growth is “ex ante analysis”, and constrains to sustained, high growth, and not only on one group—the poor. For inclusive growth is necessary to rise the pace of growth with full use of labour force, trapped in low-productivity activities or absolutely excluded from growth

process, then avoiding focused on measuring the impact of growth on poverty reduction, tracking a set of poverty measures in relative or absolute terms.

On UN family, the UNDP is that program, which participated actively on debates over growth and development, in such way that there is in place a strategy. For UNDP (2017: 9) inclusive and sustainable growth is an effort of bridge the economic, social and environmental dimension of sustainable development. According to 2017 UNDP inclusive and sustainable growth strategy, the inclusive and sustainable growth is relevant for prosperity only with wealth sharing and addressing income inequality. Then, there is needed recalibrate economic growth structures and patterns as diversified and broad-based, focused in boosting domestic demand for generate, productive and descent employment hand-in-hand with environmental sustainability. Under this consideration, is needed an economic growth along with redistribution, in order that the benefits from economic growth induces employment shared widely across the population as well there are in place social protection and consumer subsidies for address poverty and inequality reduction (UNDP: 2017:9).

In this sense, backing to Gent's difference between growth and development at abstract level when addressing growth, development and inclusiveness, the pro-poor growth and inclusive growth along with the inclusive development as

different concepts (Gent 2017: 8, 9), is important to recall Ranieri and Ramos (2013) and Saad-Filho (2010).

In this regard, starting from Ranieri and Ramos, first, they point out that on the turn of the century, the apprehension with pro-poor growth was conceived as decisive departure of trick down⁷⁵, in order that the term pro-poor growth was recognized as pervasive on the arena of development police (Ramos and Ranieri: 2013: 5)⁷⁶. Then, they add that as the concept rapid diffused into development policy cycles before its clear consensus on what constitutes pro-poor growth, as its use involved diverse definition, especially into political rhetoric, it remaining unclear (*ibid*).

Ranieri and Ramos, argues that, spontaneously, pro-poor growth is the one which the growth benefits the poor. Although, by rigor it requires to specify what means

⁷⁵ Economic growth induced by big push through huge investment on the expansion of capital would translate on people's economic and social development.

⁷⁶ Quoting (Dagdeviren *et al* (2000) "Redistribution matters: Growth for Poverty Reduction", Employment paper, No. 2000/10. Geneva, International Labour organization; Kakwani; N. and Pernia; E. (2000) "What is pro-poor growth? Asian Development Review: Studies of Asian and Pacific Economic Issues, Vol.18, No.1.Mandaluyong City, Philippines, Asian Development Bank and (Kraay; A. (2004) "When is Growth Pro-Poor? Cross-Country Evidence, *IMF working paper* No.4-47. Washington, DC, International Monetary Fund; Lopez; J. (2004) Pro-poor growth: a review of what we know (and of what we don't know). Washington, DC, World Bank; Ravallion; M. (2004) Pro-Poor Growth: A premier. Washington, DC, World Bank Development Research Group.

benefit the poor, in order that came in place two competing definitions. The first, focused on poverty reduction regardless income distribution and second, concentrated on the absolute improvement of the poor's income relatively to the wealthier and not in simple term. Therefore, for the first definition, on the one hand, zeroing the poor's income, harms fundamental aspect of poor people life. On the one other, is allowed the wealth's income to grow much more than that of the poor, which is potential disfavours to the poor and possible harnessing social problems affecting society at large (Ranieri and Ramos: 5-6).

In addressing second definition, on the one hand, there has a version of pro-poor growth, which requires poor's people income grow high than that from the wealthier in average, meaning that the poor people's share of incremental income from the previous⁷⁷. On the other hand, there has international benchmarking, which implies to assess how the pro-poor growth was incremental and is selected an international benchmarking⁷⁸. Therefore, this two versions, which avoids the redistribution of growth benefits to the poor addresses the weakness of the definition centred on the reduction of poverty than in redistribution. In addition, recently the conceptualizing and determining pro-poor growth incorporates non-

⁷⁷ The so-called "relative pro-poor growth", Ranieri and Ramos (2013: 6) quoting Grosse *et al.* (2008) "Measuring Pro-Poor Growth in Non-Income Dimensions", World Development, Vol 36, No.6: 1021-1047.

⁷⁸ *Ibid.*

income dimensions⁷⁹, which are capabilities seen as core outcomes of well-being, meaning that poverty is multidimensional rather than income deprivation or whether or not it is pro-poor growth. Nevertheless, both definitions of pro-poor growth show strengths and limitations, neither turn out to be unanimous, and no unanimity for its adoption in policies aiming to promote pro-poor growth (*ibid*)⁸⁰.

Also, Ranieri and Ramos challenge the pro-poor-growth contemporary concept-inclusive growth. Ranieri and Ramos (2013: 7) highlight that the inclusive growth definition based on growth itself, leading reduction of poverty, corresponds to “absolute pro-poor growth”. A conception through inclusiveness conceptualization based on increasing equity in distribution of income is indistinguishable to relative pro-poor growth. Then, in some inclusive growth definitions there are an interchangeable relation with pro-poor growth. The authors also point out that, by incorporating non-income dimension, is brought the inclusive development concept, which is different of inclusive growth based on distribution from improvement along the non-income dimensions than income from inclusive growth⁸¹. According to Ranieri and Ramos (2013: 8)⁸², the

⁷⁹ Health, education, nutrition and general welfare.

⁸⁰ Quoting Kakwani; N. and Silber; J. (2008) “Introduction: Multidimensional Poverty Analysis: Conceptual Issues, Empirical illustrations, and Policy Implications”, World Development, Vol. 36, No. 6: 987-991.

⁸¹ Ranieri and Ramos (2013: 8) quoting Rauniyar; G. and Kanbur; R. (2010) inclusive Development: Two papers on Conceptualization, Application, and the ADB Perspective. Mandaluyong City, Philippines, Asian Development Bank.

distinction of pro-poor and inclusive growth is centred on growth's outcome recipients. The pro-poor growth is centred on people living under the poverty line, while inclusive one is possibly more general. Nevertheless, there no a clear definition or monitory indicators on inclusive growth progress the on project, program, or country level⁸³.

For Saad-Filho (2010:14), the starting point is that the new paradigm of inclusive growth, basically is neoclassical growth framework from Washington Consensus but with different cover of new institutional economics driven under Post Washington Consensus. In this sense, first, the inclusive growth is approached as inductively policies from successful growth experience around the world. Second, as pointed out, inclusive growth is Post Washington Consensus added with Government led growth. Therefore, inclusive growth keeps primacy in growth rather than distribution.

From the background pointed previously, according to Saad-Filho, (*ibid*), the inclusive growth paradigm is limited by its own weaknesses. First, by assuming growth as the most powerful tool for eliminate poverty, it ignores that growth also

⁸² Quoting Klasen (2010) "Measuring and Monitoring Inclusive Growth: Multiple Definitions, Open Questions, and Some Constructive Proposals, ADB Sustainable Development Working Paper Series, No.12. Mandaluyong City, Philippines, Asian Development Bank.

⁸³ Quoting (*ibid*).

can create also poverty because of economic and market structural changes. Second, the countries can fail in implementing the proposed inclusive growth due to their intern economic weaknesses or externally induced. Third, in the inclusive growth, the social safety nets are mostly instrumental and not distributive.

According to Gent (2017: 9)⁸⁴, two important features that differentiates inclusive growth from inclusive development. The first one, relates development as mainly an economic process under integral concentration on achievement of equity, rights and status of citizenship. Its second feature is to shift the focus beyond the poor along the poverty to fuller goal of social justice. Finally, the inclusive development should focus on social and material benefits distribution across groups as well eliminate the structural factors behind the exclusion and marginalization from vulnerable people. Therefore, inclusive development happens under the condition which the average achievements on income and non-income dimension of well-being improve translating the reduction of inequalities. For Ranieri and Ramos (2013: 8)⁸⁵ what distinguish inclusive growth and inclusive development is basically, the first is restricted to income and the second includes non-income dimensions.

⁸⁴ Quoting Hickey; Sam (2015, 2008) Thinking about the Politics of inclusive Development: towards a Relational Approach. ESID Working Paper No.1.

⁸⁵ Quoting Klasen (2010) "Measuring and Monitoring Inclusive Growth: Multiple Definitions, Open Questions, and Some Constructive Proposals, ADB Sustainable Development Working Paper Series, No.12. Mandaluyong City, Philippines, Asian Development Bank.

Under these assumptions, according to Gent (2017: 10), the term “inclusive development” is defined as process happening through social and material benefits are distributed equitable across divided society⁸⁶. For another authors, inclusive development translate voice and power related to concerns and aspirations from excluded groups⁸⁷. Also, it is concerned to achievement of equity and the right of citizenship⁸⁸. Therefore, for Gent, the concepts of inclusive development, is beyond economic and material gains, it implies enhanced and widely well-being.

Turning to the literature on UNDAF 2017-2020 MSMEs capacity building in Mozambique, first is important to mention that there has scarce literature. So, some available relevant sources are: (i) 2017 UN intern report on previous UNDAF 2012-2016; (ii) 2015 KPMG independent external assessment, Evaluation of UNDAF 2012-2016: Final report and (iii) the 2017 progress report on UNDAF 2017-2020.

⁸⁶ Quoting Hikey (2015) Thinking about the Politics of inclusive Development: towards a Relational Approach. ESID Working Paper No.1.

⁸⁷ Quoting Johnson; B. and Anderson; A. (2012) Learning, innovation and inclusive development: New perspectives in economic development strategy and development aid. Aalborg Universitetsforlag. (Globelics thematic report, vol.2011/2012).

⁸⁸ Quoting Hikey (2015) Thinking about the Politics of inclusive Development: towards a Relational Approach. ESID Working Paper No.1.

The 2017 UN intern report on previous UNDAF 2012-2016, highlights the organization assistance on institutional and legal framework as well specific operational actions for boost MSMEs⁸⁹. At institutional and legal level, since 2016 are full functional 10 mediation centres, which mediate annually 6 thousand labour disputes with 76% rate of resolution⁹⁰. On the other hand, the MSMEs are provided with National Quality Policy and Strategy as part of the effort for boost their management and business skills. At operational level, for enhance farmers' agriculture and livestock techniques under UNDAF's support, there are standing 321 Farmers and Pastoral Field Schools, which benefited more than 8 thousand farmers⁹¹. Also, the selected MSMEs from the 5 poorest provinces⁹² began to embrace value chain and market oriented management and business and accessed to effective market model with information systems.

⁸⁹ Is related to the UNDAF 2012-2016 outcome 2 from Economic Result Area (outcome vulnerable people inclusive development through the promotion of new opportunities for improved income and livelihood, focused in descent employment) and its package for MSMSEs: output 2.1. (MSMEs adopting value chain and market oriented management and business practice); output 2.2. (MSMEs access to effective market models with information system); output 2.3. (MSMEs' access to inclusive micro financial products in line with vulnerable group profile and needs); output 2.4. (MSMEs with gender mainstream and decent employment approach); output 2.5 (Competence based vocational training-improve MSMEs know how and skills).

⁹⁰ The mechanism was one of the greatest achievements on UNDAF's economic result area, which provides to MSMSES an alternative and very flexible way for deal with labour disputes out of the courts that accounted more than 18 thousand labour cases on the wait list. (Quoting: UNDAF 2012-2016 Final Report (2017:23).

⁹¹ Quoting the United Nations Development Assistance Framework 2012-2016 Final Report (2017:8).

⁹² For UNDAF 2012-2016 were targeted as poorest provinces: Zambezia, Gaza, Sofala, Inhambane, Manica and Nampula-quoting the United Nations Development Assistance Framework 2012-2015: Action Plan (2011: 82).

Related to 2015 KPMG independent assessment⁹³, it highlights that there were satisfactory achievements on the outcome 2⁹⁴, however the outcome 2 continued as challenge. Some of its outcomes were set in different level of scope as well some of their outputs were not alignment with the outcome and not all of them were achieved as planned results aligned to the set of indicators. In general terms, there has reference that due to SC's ineffectiveness as well insufficient participation from the monitoring and evaluation team during UNDAF's 2012-2016 formulation and finalization, there was fail of coordination between internal and external stakeholders. In addition, on general overview term, it point out that although UNDAF challenged funding gap from its estimate USD 723.498.000⁹⁵, that caused implementation delays in overall, some great achievement were attained, therefore UNDAF continued relevant to Mozambique under that economic development status.

⁹³ With aim in drew recommendations for improving UN's contribution to national development through the UNDAF, the external evaluation on UNDAF's 8 outcomes concentrated on following set of criteria: (i) relevance (UNDAF's objectives alignment with country's national priorities); (ii) effectiveness (contribution from UN country's team to UNDAF's proposed outcomes); (iii) sustainability (UNDAF's projects, programs or initiatives continuation by its beneficiaries after UN intervention); (iv) efficiency (UNDAF's outcomes achievement with available resources, minimum transaction cost and vulnerable group inclusiveness); (v) equity (UNDAF's contribution on gender mainstream).

⁹⁴ Vulnerable people inclusive development through the promotion of new opportunities for improved income and livelihood, focused in descent employment.

⁹⁵ The partnership had a gap of USD 473.801.000, which represented 65,4%9 of the global proposed budget. For the economic result area under analyse, from its global USD 228.666.000 (31,67%), the gap was USD 147.373.000 (64,4%) and to the outcome 2 global USD 51.082.000, the gap was 29.535.000 (57,82%).

From KPMG (2015:32), under UNDAF 2012-2016, the support for vulnerable groups with focus on descent employment and MSMEs (outcome 2) targeted: (i) develop of value chain along with trade link for potential productive employment related to agro processing, manufactures, fisheries, tourism and artistic industries; (ii) assist the strengthening of MSMEs business management and access to financing services and market information; (iii) assist young graduate to access job market as well for self-employment opportunities through vocational training; and (iv) contribute on policy development, the design and implementation social productive program for neglected groups. As inferred, until 2014, for the adoption of market and value chain-oriented management in the targeted five provinces (under output 2.1.), capacity building and training certification were standardized and achieved but without results reporting to the proposed outputs and outcomes indicators (KPMG: 2015: 33). The same trend happened to MSMEs effective market models and information systems as well adjusted micro financial products to vulnerable groups (outputs 2.2. and 2.3.), which put in place a database for inclusive micro financial products and inclusive finance training to service provider (no result was reported to the proposed outputs and outcomes indicators). Therefore, according to KPMG (2015: 32-33), all outcome 2 weren't subject of result report to the proposed outputs and outcomes indicators, even the results reported were important achievements both for outputs and outcomes.

From the literature pointed above, although the UNDAF 2012-2016 made some relevant achievements on line with the promotion of MSMEs, there are still gap related to measurement of the results and impact from the contribution. Therefore, the reality suggests that the UNDAF 2017-2020 have to accommodate a mechanism for result report on regular basis as well the assessment of its respective impact. The scenario mentioned suggests that the promotion of MSMEs continues to be a challenge as it faces issues related to evaluation of its real results and impacts. From this reality is open a space for understand which constrains are related to the difficult of infer the results on intervention centralized on MSMEs on the context of UNDAF. Therefore, is needed an opportunity for verify if the constrains are from structural or conjectural ground as well if are internal or external.

The 2017 progress report on UNDAF 2017-2020 highlights the UN assistance on institutional and legal framework and specific operational actions for boost MSMEs. The source refers to the organization's Government support on the fusion from former Investment Promotion Centre (CPI), the Institute for Export Promotion (IPEX) and Office for Economic Accelerated Development Zones (GAZEDA) for the new Agency for Investment Promotion and Exports (APIEX). In addition, it refers the assistance on management and analysis of industrial and trade statistics data for boost the country's 2016-2025 Industrial Policy and Strategy implementation. Finally, into this dimension, is reported the technical

assistance on 2017 Employment Policy Implementation Plan along the creation of a Labour Market System of Information based on Labour Market Observatory.

At operational level, the source points out the services provided to farmers on extended crop skills and livestock production techniques, post-harvest and agro business marketing, through Farmers Field School (FFS) and Pastoralist Field Schools (PFS). The UN support extended to access to electronic voucher by 22 thousand in order to get agricultural inputs along with the promotion of local economy and agro-dealers associated with training of more than 8 thousand artisans, farmers and extension agents on post-harvest losses and increase on shelf life from agriculture products, including the construction of improved silo at household level. Also it adds the organization support to MSMEs on the exploration of economic opportunities from the value chain of cashew nut, tourism and catering and construction material as catalyst development work for other value chains. Finally related to MSMEs' organization support, the source highlights the operation in 2017 of 79 companies benchmarking according to recognized business standards and the existence of 4 integrated systems of sustainable business development.

In Mozambique the current debate related to economic and inclusive growth, turn around the need of economic transformation based on broad diversification from country's value chain and value added led by MSMEs or by the maximization of extractive industry dividends. The first approach builds its premise through the country economic structure, which dominated basically by MSMEs, which are the large portion of formal and informal employment. The second approach argue that only structuring investment driven by foreign well consolidated capital can led economic transformation as the MSMEs are essentially weak, less competitive and with lack of recognized know how and dominated by informal cluster from the economy.

Related to SMEs, Castel-Branco (2016:181)⁹⁶ argues that the SME-led approaches to economic development comes from four assumptions, namely: (i) scale; (ii) appropriate technologies to production's factors; (iii) high labour intensive and (vi) low capital intensive. Under these assumptions the definitions of SMSEs tend to variate significantly according to scale, level of development and technological and production structures from their economy.

⁹⁶ Castel-Branco; Carlos (2016) *Desenvolvimento centrado em PMEs? Problematização crítica desta abordagem*. Lisbon school of economics and management (ISEG)-Lisbon University.

According to Berisha and Pula (2015:18)⁹⁷, SMEs hasn't a specific definition that is reference for all economies, statistical agencies or researchers. Although there has lack of universality on the definition and alignment of criteria, the importance of SMEs definition is inalienable. One of the first attempts of defining the SMEs was the Bolton Report 1971⁹⁸. The report suggests two approach to definition: quantitative and qualitative approach. The quantitative approach is widely applied in academia, policy making, international organizations and statistic authorities. For European Commission⁹⁹, the definition encompasses staff number as the basic criteria added to financial criteria for assess the enterprise scale, performance and competition position on the market (*ibid*).

According to Reeg (2015:15)¹⁰⁰, although the enterprise classes in terms of classes are defined depending on country's economic profiles or particular distribution inside an industry, the threshold through sectors and industries is somewhat generally arbitrary. Reeg¹⁰¹ for instance, argues that while the World Bank

⁹⁷ Berisha; Gentric and Pula; Justina Shiroka (2015) Defining a Small and Medium enterprise: A critical review.

⁹⁸ Berisha; Gentric and Pula; Justina Shiroka (2015:18), quoting Carter; S and Jones-Evans; D. (2006) Enterprise and Small business: Principles, practice and policy (2nd edition). Harlow: Prentice Hall.

⁹⁹ Micro enterprise has less than 10 employees, 2 million Euro of annual turnover; Small has less than 50 employees with 10 million of annual turnover and Medium-sized enterprise has less than 250 employees with a turnover of 50 million.

¹⁰⁰ Reeg; Carole (2015) Micro and small enterprises as drivers for job creation and decent work. German Development Institute. Bonn.

¹⁰¹ (Reeg: 2015:16)

Enterprise Survey classifies enterprises with 5-19 employees as small and those with 20-99 as medium, the World Bank Group in-house definition considers enterprises with 0-9 as micro enterprises, 10-49 employees as small and 50-299 as medium-sized¹⁰². Therefore, the existence of different threshold suggests that these are not strict concepts (Reeg: 2015:16).

In addition, while some countries make distinction between a micro and a small enterprise, in many cases countries include micro enterprises within the small enterprise definition (*ibid*). Reeg argue that this is the case when micro enterprises are lumped into wider umbrella terms, in the category of micro and small-sized enterprises (MSEs) or micro, small and medium-sized enterprises (MSMEs). Also, in some cases, countries opt to categorize micro enterprises with no additional registered employees as self-employed or as own-account workers.

For Castel-Branco (2016:181), taking the number of employees or the scale of operations expressed in terms of businesses volume for define the SMEs is quite arbitrary and relative, as other indicators which has relationship with the scale are not take in account according to sector of activity, technology, labour process and

¹⁰² Quoting Kushnir; K, Mirmulstein; M.L. and Ramalho (2010) Micro, small, and Medium enterprises around the world: how many are there, and what affects the count? MSME Country indicators. World Bank and International Finance Corporation: Washington, DC.

economic structure. Castel-Branco argues that the SMEs' scale are sensitive to type and sector of activity¹⁰³. Therefore, according to Castel-Branco the scale measured as businesses volume is affected by intensity of production factors, technology, productivity, in order that, it doesn't assure accurately the definition of SMEs. Then, the definition from SMEs through the scale is arbitrary as it is static and doesn't provide relevant information from the enterprise along the space and time, in order that is inconsistent for guide public policies and enterprise strategy as it doesn't account the enterprise cycle and the market structure.

For Tambunan (2006:4)¹⁰⁴, on the one hand, the classical theories on MSMEs predicted that the advantage from MSMEs would diminish over the time and Large Enterprises (LEs) would eventually predominate in the course of economic development from the market due to income increase. On the other hand, the modern theories based on European and developing countries experiences explicitly give emphases on the importance of subcontracting networks and the economic benefit from agglomeration and clustering for the development of MSMEs¹⁰⁵. Tambunan argues that the classical theories seem to get less support

¹⁰³ Castel Branco (2016:81), quoting Cornia and Helleiner (1994); Cornia; V. H. and Mkandawire (1992); Deyo (1987); Michie and Smith (1998, 1996); Weiss (1992, 1985); Banco Mundial (1994).

¹⁰⁴ Tambunan; Tulus (2006) Micro, small and Medium enterprise and economic growth. Center for Industrial and SME Studies-Faculty of economics, University of trisakti, quoting Hoselitz (1959); Stanley and Morse (1965) and Anderson (1982).

¹⁰⁵ Tambunan (2006) quoting Berry and Mazundar (1991) and Levy (1991).

internationally than the modern theory. He takes as reference three World Bank¹⁰⁶ core arguments in supporting MSMEs in Least Developed Countries (LDCs). First, emphasizes the contribution from MSMEs in enhancing the competition and entrepreneurship, hence providing benefits on economy-wide efficiency, innovation and aggregate productivity growth. Second, MSMEs are generally more productive than LEs but financial market and others institutions failure and not conducive macroeconomic environment impedes their development. Third, MSMEs expansion boosts employment than LEs growth because MSMEs are more labour intensive. Therefore, he quotes that the World Bank believes that Government support on MSMEs in LDCs helps on exploiting the social benefits from their competition and entrepreneurship, in order to boost economic growth and development.

Sawaya and Bhero (2018: 79)¹⁰⁷, refers that the SMEs passes through five stages of growth, namely: (i) inception; (ii) survival; (iii) growth; (iv) expansion and (v) maturity. They add that all five are vital for SMEs development, in order that all policies for their support should be aligned to the five stages of MSEs growth

¹⁰⁶ World Bank (2002, 2004) "SME", World Bank Review of Small Business Activities. Washington, DC.

¹⁰⁷ Quoting Jones; S. and Tarp; F. (2012) Jobs and welfare in Mozambique. Country study case for the World Development Reports. 15 August.

(*ibid*). However, Sawaya and Bhero (2018: 79)¹⁰⁸ points that Storey (2008) contests the SMEs' five phase growth model, referring that there no a clearly defined and obvious growth path. The author argues that is important to make distinction between SMEs policy and entrepreneurship policy. Therefore, the parameter between start-up SMEs and established enterprises in terms of policies are different, in order that they should be addressed differently.

Castel-Branco (2016:185) problematizes the SME-led approaches to economic development. First, he points that the approach weakness is its proposition vis-à-vis negative externalities from big enterprises, related to: (i) social cost; (ii) sustainability; (iii) dependency; (iv) weak linkage; (v) difficult in absorb technology; (vi) high structure of cost and (vii) corporative monopolist power. Therefore, he argues that there not discussion related to capitalist accumulation, that also the SMEs need to take part as competitors on the market, which accounts competition, enterprise growth, rate of return, social challenges and market structural change. Under these considerations, the key aspect is not the enterprise scale itself but other indicators associated market competition such as the innovation, growth, fusions, acquisitions, product differentiation among others. Then, the approach from SME must not rely on static concept of scale but on

¹⁰⁸ Sawaya; Alen and Bhero; Sheperd (2018) Large enterprise neglect supporting SMEs in Mozambique. *Journal of economics and Public Finance*, quoting Storey; D. J. (2008) *Entrepreneurship and SMEs Policy*, World Entrepreneurship Forum. Retrieved October 30, 2016, from <http://www.world-entrepreneurship-forum.com/..Storey>

dynamic issues related to market, employment, technology, labour relationship, enterprise and economic linkages, economic and environmental sustainability and diversification, which are relevant for public policy and enterprise strategy no matters the enterprise scale is less or more small.

According to Sawaya and Bhero (2018: 78)¹⁰⁹, although SMEs represented large portion of all business in Mozambique, employing close to 70 per cent of all working population, they contribute to a modest 24.1 per cent of national income. SMEs employs workers with limited formal training, and use of local raw materials that would otherwise be neglected. SMEs also gather together the merger saving of their own-managers which tend to exist outside the formal banking system (Sawaya and Bhero: 2018: 78-79)¹¹⁰.

As other African countries, Mozambique is distinguished by prevalence of a large number of informal SMEs, which utilizes lower levels of investment and skills,

¹⁰⁹ Sawaya; Alen and Bhero; Sheperd (2018) Large enterprise neglect supporting SMEs in Mozambique. *Journal of economics and Public Finance*, quoting Zimba; C (2015) interview by business year, SMEs to you. Retrieved February 15, 2017, from <https://www.thebusinessyear.com/mozambique-2015/smes-to-you/column>.

¹¹⁰ Quoting Nangoli *et al* (2013) Towards enhancing business survival and growth rates in LDCs, An explanatory study of the drivers of business failure among SMES in Kampala-Uganda. *International Journal of Humanities and Social Science*, 3 (8).

and handle relatively simple products (Sawaya and Bhero: 2018: 79)¹¹¹. The informal sector is distinguished by easy entry, dependence on indigenous resources, family joint ownership of enterprise, small-scale operations, labour intensive and adapted technology, skills acquired outside the formal school system and free-for-all competitive markets (*ibid*)¹¹². The operations of SMEs in informal sector are trade-related, while only a small percentage belongs to the services and manufacturing sectors. Most of the start-up MSEs are created relying on personal saving or informal saving schemes (*ibid*)¹¹³. Banks plays a marginal role in the SMEs operations. For instance the SMEs from Maputo¹¹⁴ are involved in informal lending groups such as *Xitique*¹¹⁵ system prevalent all over Mozambique (*ibid*).

According to Sawaya and Bhero (2018: 79), in Mozambique, the SMEs faces challenges from inception and growth. These SMEs' challenges include lack of financial facilities, lack of market, tight and rigid taxation system, inadequate infrastructures, low capacity of research and development of technology, globalization and inadequate managerial knowledge and skills. Other challenges

¹¹¹ Quoting Fox; L. and Sohnesen; T. (2013) Household enterprises in Mozambique key to poverty reduction but not on development agenda? Policy Research working paper, World Bank African Region Office of Chief Economist, August.

¹¹² Quoting Jones; S. and Tarp; F. (2012) Jobs and welfare in Mozambique. Country study case for the World Development Reports. 15 August.

¹¹³ Quoting Nangoli et al (2013).

¹¹⁴ Mozambican political capital and the main economic hub.

¹¹⁵ Endogenous and informal lending system with free interest based on community social capital.

may include, barriers from global sourcing, low productivity and poor enforcement of regulatory legislation (*ibid*)¹¹⁶.

For Castel-Branco (2013: 192), the relevant key point for enterprises public policy and enterprise strategy is not if there are small or big enterprises or if they operate into a small or large scale but is to boost environment for structuration and expansion from the enterprises through continuous growth of their scale. Therefore, the cornerstone point is the enterprise growth with ability of restructure entire industry and economy under the current capitalist logic of growth and concentration. Under these assumptions, for Castel-Branco, one of the smart boost for Mozambican enterprises is to empower their linkage with Foreign Direct Investment megaproject, which operates on the mineral-energetic complex¹¹⁷, in order to fill the gap of limited absorption¹¹⁸ from the megaproject operations by domestic economy¹¹⁹.

¹¹⁶ Quoting Omar; S. *et al* (2009) The background and challenges faced by small medium enterprises: A human resource development perspective. *International Journal of Business and management*, 4(10), 95-99.

¹¹⁷ Aluminum, coal, heavy sands, energy and gas.

¹¹⁸ Most of domestic enterprises are basically concentrated on the provision of general services with less specialization, which tend to be discontinuous and limited on demand (discrete contracts).

¹¹⁹ These Foreign Direct Investment big corporations are capital intensive with fiscal incentives and exporting primary or semi processed commodities.

Related to CB the basic literature review is focus on primary contribution from the World Bank. According to World Bank (2005: 3)¹²⁰, on the relation with Africa, was urgent the CB become the core relevant and effective objective as part of public sector reform¹²¹. Also, its required long term and systematic approach.

As the past bank's intervention on CB was heavily focused on institutional change disconnected with its organizational and behavioural change¹²², was acknowledge that the new way of CB for more effective state would come from experimentation and learning adjusted to local politics and institutions under country's ownership. Therefore, according to the World Bank (2005: 6-7) CB should be treated as autonomous goal oriented to effective public and private institutions, addressing

¹²⁰ World Bank (2005) Capacity building in Africa: An OED evaluation of World Bank support. Operation evaluation department.

¹²¹ (*Ibid*) the main assumption is continued weak state of public sector in most countries in Sub-Saharan Africa due to: (i) weak socio-economic basic conditions; (ii) low good governance from public institutions; (iii) low burocratic quality, large public service wage bills and weak accountability and corruption; (iv) Negative externalities from the globalization in Africa (due to low competitiveness).

¹²² World Bank (1997) World Development Report: The state in changing world (bank guidance on state role and effectiveness trough public sector reform); World Bank (2000) Reforming public institutions and strengthening governance (bank guideline for support strengthening public institutions).

three dimensions: (i) human capacity building¹²³; (ii) organizational capacity building¹²⁴ and (iii) institutional capacity building¹²⁵.

According to Aladejebi (2018: 16)¹²⁶, one of the reasons for MSEs non-survival beyond five years is poor managerial skills by the owners and managers. Observed the human CB as one of the crucial factors for success of SMEs, Pfeiffer (1994) stated that while traditional factors to the success of any enterprise (patents, economy of scale, technology, *et al.*) reduces value, the role of skilled workforce becomes more important (Aladejebi 2018: 16)¹²⁷. Under this consideration, Bacon *et al* (1996), asserted that CB increases the output of an average worker.

According to Aladejebi (2018: 15), CB involves equipment of people with the knowledge, skill, information, training that make them carry out their function effectively in nation. The CB for SMEs includes all forms of: (i) marketing; (ii)

¹²³ Individuals with skills to analyse development needs; design and implement strategies, policies, and programs; deliver services; and monitor results (*ibid*).

¹²⁴ Group of individuals bound by common purpose, with clear objectives and internal structures, processes, systems, staffing, and other resources to achieve them (*ibid*).

¹²⁵ The institutional formal rules and informal norms, which provide the framework of goals and incentives within people operate (*ibid*).

¹²⁶ Academe; Olufemi (2018) The impact of the Human capacity building on small and Medium enterprise in Lagos, Nigeria. *Journal of small business and entrepreneurship development*, quoting Forkuoh et al (2016) Institutional support in managerial capacity building and SMEs growth. *Open journal of business and management*, 4,188-205.

¹²⁷ Aladejebi; Olufemi (2018) quoting Bacon *et al* (1996) It's a small world: Managing human resources in small business. *International journal of human resource management*. 7-82-100.

computer skill; (iii) taxation; (iv) product development; (v) leadership; (vi) communication; (vii) material production; (viii) quality control; (ix) accounting; (xi) finance; (xii) economy; (xiii) foreign trade; (xiv) sales; (xv) networking and (xvi) interpersonal relations (Aladejebi: 2018: 19)¹²⁸. Then, the business context, age, size, ownership and type of activity may determine the type(s) of CB need by enterprise.

¹²⁸ Aladejebi; Olufemi (2018) quoting Afande; F.O. (2015) Effect of human capacity building on the performance of small and micro enterprises in Kisumu city, Kenya. *Journal of poverty, investment and development*, 9-78-108. Retrieved from www.iiste.org

4. Theoretical framework and methodology

In terms of theoretical framework, the actions related to UNDAF 2017-2020 contribution to MSMEs CB in Mozambique, are studied based on CB approach and ToC. Methodologically, the research relied on monographic, historical and comparative method along with the documental, interviews and questionnaire technique.

The CB approach stands as applicable theoretical framework for address the UN's International Development Cooperation contribution under UNDAF, which is well suited for provide International Technical Assistance on Mozambique NC on the context of its inclusive development agenda through CB. The ToC is included as theoretical framework for the research as integral part of UNDAF. CB approach is justifiable as it provides comprehensive theoretical understanding on how UN comparative advantage from UNDAF according to five UN programing principle¹²⁹ can be capitalized for Mozambique NC on the context of national inclusive development. On the context of UNDAF, the ToC is justifiable as it constitutes a valuable tool for promote rigorous and evidence-based program strategies, with relevant assumptions and risks clearly analysed and predicted.

¹²⁹ The principles are indicated on the introduction. Among others the UN intervention are anchored on: (i) development of national capacities and (ii) result oriented.

The CB approach and ToC stands as valuable research analytical tool to MSMEs growth. First, the CB approach and ToC responds UN's view on relevance of MSMEs contribution for SDGs, which under resolution A/71/L60 emphasizes encouraging the formalization and growth of MSMEs at all market level through CB and financial services. Second, the two theoretical framework are critical in improving the capacity of thinking prepared to productivity and sustenance as MSMEs core challenges. Third, these analytical tool stand as appropriate for address the Mozambican MSMEs profile, which requires CB and ToC. Therefore, the CB approach and ToC are completely associated with MSMEs five stages of growth¹³⁰.

According to Zamfir (2017:2)¹³¹ the term CB appeared in 1970s in the United States, in reference to the need to improve the capacity of the state and local governments to implement fiscal decentralisation. The development approaches based on the notion of CB were introduced to make up the perceived shortcoming in development aid and technical assistance provided by major international donors since 1950 (Zamfir: 2017:1). These included (i) lack of ownership by recipients;

¹³⁰ (Additional quoting) It refers to: (i) inception; (ii) survival; (iii) growth; (iv) expansion; and (v) maturity (Sawaya and Bhero: 2018:79).

¹³¹ Zamfir; Lonel (2017) Understanding capacity-building/ capacity development: A core concept of development policy. European Parliamentary Research Service (EPRS).

(ii) incapacity to effect sustainable change; (iii) lack of inter-sectorial coordination and (iv) insufficiently tailored-made approaches. Zamfir add that notion that CB was strengthening the capacities of individual and institutions in developing countries as crucial for the success of development policy emerged gradually, with theoretical debate reaching its peak between 1995 and 2005 (*ibid*).

According to World Bank (2005: 3) CB conceived as a goal and not as mean of achieving development objectives was the vision for its introduction at the start of the 1990s. However, the concept CB wasn't a well-defined area of development practice. Some development agencies used a narrow definition focused on strengthening organizations and skill, while others used a broader definition encompassing levels of capacity from the individual to whole society. Also, it had a gap in address its shortfalls and the underlying causes as well the inability of use the accumulated knowledge on the process. Therefore, CB was conceived as an improvement on the prevail practice of International Technical Assistance, which served to fill capacity gaps than to build sustained country capacity (World Bank 2005: 5).

Lindell (2003:13,14)¹³² argues that there are a large range of CB approaches, that includes: (i) peer-to-peer learning; (ii) facilitated organization development;(iii) training and academic study; (iv) research; (v) publishing and grant-making. Whittle *et al* (2012)¹³³ point out that the UNDP describes four domains of organizational capacity that are drivers of capacity change, namely: (i) institutional arrangement; (ii) leadership; (iii) knowledge and (iv) accountability. Finally, Stavros (1998:35)¹³⁴ claims that there has four key element for CB: (i) CB is multiple level; (ii) CB is relational; (iii) CB is participatory and (iv) CB is appreciative inquiry.

Stavros argues that CB as multiple-level disposes: (i) organizational capacity; (ii) multi-organizational capacity and (iii) global capacity. As relational process, she contends that CB lies on: (i) shared objectives; (ii) trust; (iv) dialogue; (v) cooperation. Adding, Stavros suggest that as participatory process, the CB take place under basis of: (i) mutual learning and growth; (ii) active learning; (iv) collaboration and (v) learning organization. The researcher finalizes her arguments

¹³² Lindell; D. (2003) Evaluation of capacity building: Lessons from the field. Alliance for nonprofit management.

¹³³ Whittle; S., Colgan; A. and Rafferty; Mary (2012) Capacity building: What the literature tell us. The Centre for effective services.

¹³⁴ Stavros; J. (1998) Capacity building an appreciative approach: A relational process of building your organization's future (your organization's driving force is people). Case western reserve university.

stating that CB is an appreciative inquiry, which is needed: (i) vision based; (ii) organizational transformation; (iii) best practices and (iv) “life giving” forces.

For Eade (1997: 24)¹³⁵ CB is an approach to development not separate from it. It is a response to multi-dimensional processes of change, not a set of discrete or pre-packaged technical interventions intended to bring about a pre-defined outcome. Therefore, according to Eade, the CB lies on four propositions: (i) CB should create independence; (ii) CB mean strengthen State capacity; (iii) CB is an integrate activity and (iv) CB is beyond financial sustainability (*ibid*).

Discussing the propositions, Eade (1997:32) claims that the CB definitively should not create dependency and vulnerability as it is completely opposing to it. She adds that CB must overcome the perception of one-way transfer of resources and become a process of critical accompaniment¹³⁶. Also, the CB implies not to weaken the state capacity but to strength the state responsibilities to good governance and democratization. Furthermore, the author claims that is deviation to address the CB as independent or self-contained activity but it should be integrated. Finally, Eade highlights that CB should not only concerned with

¹³⁵ Eade; Deborah (1997) Capacity-building: an approach to people-centered development. Oxfam: UK and Ireland.

¹³⁶ The development conceived as critical thinking out of reproductive and dependent approach.

financial sustainability but also with less tangible social, political, organisational and managerial substantiality.

Related to ToC approach, according to Stein and Valters (2012:3)¹³⁷ the idea of ToC have first emerged in the United States in the 1990s, in context of improving evaluation theory and practice on the field of communities initiatives. Stein and Valters add that in development field, the ToC grew out within the tradition of logic planning such as development logical framework approach from the 1970s. Furthermore, the authors claim that since its use in community development, ToC approach have increasingly become a mainstream. In its early conceptualization in 1995, Weiss described a ToC as “a theory of how and why an initiative works” (*ibid*). ToC has been conceived as other thing: “a roadmap, a blueprint, an engine of change, a theory of action and more”¹³⁸.

For Stein and Valters (2012:4), ToC is most often defined in terms of the connection between activities and outcomes. Moreover, although ToC exists in

¹³⁷ Stein; Danielle and Valters; Craig (2012) Understanding theory of change in international development. The justice and security research program (JSRP) and The Asia Foundation (TAF), quoting Weiss; Carol (1995: 65-92) Nothing practical as good theory: Exploring theory-based evaluation for comprehensive community initiatives for children and families.

¹³⁸ Stein; Danielle, Valters; Craig (2012), quoting Anderson; A. (2004:2) Theory of change as a tool for strategic planning: A report on early experiences. The aspen institute: Roundtable on community change

boundless variation of style and content, some basic ToC components often “include a big picture analysis of how change happens in relation to a specific thematic area; an articulation of an organization or program pathway in relation to this; and an impact assessment framework which is designed to test both the pathway and the assumption made about how change happens (*ibid*)¹³⁹. Thus, in practice, many organizations are more comfortable viewing ToC as a variant of the “logical model”, and summarise their ToC through simple “if...then” statements¹⁴⁰ (Stein and Valters: 2012:4).

For other authors, ToC is conceived as process and tool with emphasis on conceptual thinking: an on-going reflection, a conceptual tool to explore changes expected from a set of actions, and a “ thinking-action approach” (Stein and Valters: 2012:5)¹⁴¹. Additionally, some authors consider ToC in terms of their principal application as an approach to the design and evaluation of social

¹³⁹ Stein and Valters (2012:4), quoting intrac. (2012:2) Theory of change: What’s it all about? ontrac: 51 (May).

¹⁴⁰ Taking as indicative example of “if...then statement “here is presented: If there are CB then the MSMEs productivity will grows.

¹⁴¹ Stein and Valters (2012:4), quoting James; C. (2011:3) Theory of change review: A report commissioned by Comic relief: London; Retolaza; I. (2011) Theory of change: A thinking and action approach to navigate in the complexity of social change process. Hiros/UNDP/Democratic dialogue and Mcgee; R *et al* (2010) Review of impact and effectiveness of transparency and accountability initiatives: Synthesis report. Institute of development studies.

programs (*ibid*)¹⁴². In guidance documents, the ToC tend to highlight some or all the elements pointed out above. Thus, for Guijt and Retolaza (2012: 3)¹⁴³ ToC is both process and an output.

In overall, the ToC is viewed three diverse ways. Understood as technical tool, the ToC represent its use as tool for specific planning. As ToC thinking it is less formal, often implicit, it is used as a “way of thinking” about how a project is expected to work. Finally, the ToC viewed as “political literacy”, addresses a complex and nuanced understanding of how change happens, allowing to respond to unpredictable events (Stein and Valters: 2012:5)¹⁴⁴

For Stein and Valters (2012:6)¹⁴⁵ the ToC has four broad categories of purpose: (i) strategic planning; (ii) monitoring and evaluation; (iii) description and (iv) learning.

¹⁴² Stein and Valters (2012:5), quoting Vogel; I (2012:2) Review of the use of “theory of change” in international development: DFID.

¹⁴³ Guijt and Retolaza (2012: 3) Defining “Theory of change”, Hivos, E-dialogue (March).

¹⁴⁴ Stein and Valters (2012:5), quoting Vogel; I (2012:2) Review of the use of “theory of change” in international development: DFID and Retolaza; I. (2011) Theory of change: A thinking and action approach to navigate in the complexity of social change process. Hiros/UNDP/Democratic dialogue.

¹⁴⁵ Stein and Valters (2012:5), quoting UNIFEM (2010) UNIFEM framework and Guidance note for capacity development; OCED Development Assistance Committee (2008) guidance on evaluation conflict prevention and peace building Activities: Paris; UNEG (2011) integrating human right and gender equality in evaluation: towards UNEG guidance; UNDP (2007) Evaluation of results-based management at UNDP. Evaluation office; Ellis *et al* (2011) and

For purpose of strategic planning, the ToC supports to map the change process and its expected outcomes and enables project implementation. ToC aiming monitoring and evaluation articulates expected processes and outcomes that can be reviewed over the time, allowing the organization to assess their level of contribution to change and revise the ToC. Targeting description, the ToC permit the organization to communicate their chosen process to internal and external partners. Oriented to learning, the ToC supports people to clarify and develop the theory behind their organization or program.

According to Shapiro (2006: 5-6)¹⁴⁶, into ToC, the practitioners inevitable seems to target a specific actor-level as starting point to conceptualize change. Under the consideration, he points:

1. Changing individuals involves strategies that shift attitudes and perceptions, feelings, behaviours and motivations of the participants of ToC intervention.
2. ToC that focus on changing relationship often suggest that new networks, coalitions, alliances and other cooperative relationship between members in

Retolaza; I. (2011) Theory of change: A thinking and action approach to navigate in the complexity of social change process. Hiros/UNDP/Democratic dialogue.

¹⁴⁶ Shapiro; I (2006) Extending the framework of inquiry: theories of change in conflict interventions. Berghof handbook (5).

conflicting groups not only change the individuals directly involved, but can be a powerful force for fostering social changes that helps to manage conflicts.

3. ToC related to structural, institutional and systemic are primarily focused for some conflict intervention. These efforts are often directly aimed mediation between the political arena and forums within society and economic development initiatives.

For UNDG (2017:4)¹⁴⁷ the ToC is a method that explains how a given intervention, or set of interventions, is expected to lead to specific development change, drawing on causal analysis based on available evidence. Therefore, ToC can help a UNCT systematically think through many fundamental and root causes of development challenge, on the process of defining what UNDAF should address as priority. This implies that, the ToC for the UNDAF must be driven by comprehensive analysis, consultation with key stakeholders and learning on what works and what does not in diverse contexts drawn from the experiences of the UN and its partners (*ibid*).

Under UNDAF, the ToC provides support for identify solutions to successfully tackle the causes that hamper progress and guide decisions on which approach should be taken, considering the UN comparative advantage, effectiveness,

¹⁴⁷ UNDG-United Nations Development Group (2017:4) Theory of change: UNDAF companion guidance.

feasibility and uncertainties that are part of the process. Furthermore, ToC as part of UNDAF helps to identify the underlying assumptions and risks that are vital for understand and revise them throughout the process, in order to find the approach for desired change (*ibid*).

On the context of UNDAF, the ToC provides a framework for learning both within and between the programming cycles. Thus, the ToC ensures to address the causes of development challenges by testing its assumptions against evidence, identifying what worked well or not. In addition, the ToC ensures course correction if a given approach is not working or if anticipated risk materialize. It provides new learning and lessons from monitory and evaluation for refine the assumptions and inform decisions for adjust a given approach to planned results (*ibid*).

Also according to UNDG (2017:5), the ToC matches with UNDAF as multilateral partnership. Therefore, the ToC constitutes an approach that ensures partnership development and management along with it standing strategies. Under this foundation, ToC allows, the UNDAF partners to put forward different views and assumptions among all program planners, beneficiaries, donors and other stakeholders. This provides ground for foster wider consensus and motivate the stakeholders along all planning process as well their contribution to long term

impact. In overall, the ToC mobilize synergies for UNDAF as multilateral partnership due to the understand and support to UN's contribution to change by the stakeholders.

For UNDG (2017:5), the ToC on the context of UNDAF is required on the preparation of each result area as basis for identifying and explaining the UNDAF outputs included in the joint Results Group work plans. This effort implies a ToC based in three key principles and four sequence steps. As key principles the ToC under UNDAF should be: (i) developed consultatively, translating understanding of all relevant stakeholders; (ii) grounded in, tested with, and revised on robust evidence along all stages; and (iii) should support continuous learning and improvement from program design to closure. For develop a ToC on context of UNDAF, its path should be (i): focus on high level change the UN proposes to contribute Common Country Analysis (CCA)¹⁴⁸ and SDGs; (ii) identify real needs; (iii) address assumptions underpinning how change happen and it risks and (iv) identify relevant partners and stakeholders for each result area aligned with related assumptions and risks.

¹⁴⁸ Refers to an independent, impartial, and collective assessment to Member State on the context of the near generation of UN development ITA-UN Sustainable Development Cooperation Framework (UNDDCF), also known as cooperation framework. The CCA has comprises three phases, namely: (i) analysis; (ii) effective engagement with the Member State Government; civil society and development partners and stakeholders; and (iii) drafting CCA.

For study on-going specific activities related to UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique, will be applied the monographic, historical and comparative method and the documental, interviews and questionnaire technique.

According to Salomon (1972: 207, quoted by Marconi and Lakatos: 2009:155)¹⁴⁹, the monograph is a systematic and complete work on a particular topic, usually detailed in treatment but not extensive in scope. Based on monographic method, to research topic is addressed in detail taking as subjects UNDAF and MSMEs on the context of Mozambique inclusive development agenda.

The historical method, according to Lakatos (1979: 29), is to investigate past events, processes and institutions to verify their influence in today's society. This method, on the one hand, made possible to understand the dynamics of Mozambique's multilateral relations with UN and relevant stakeholders along the time, exploring past events for understand the current trend of GoM and UN partnership. Also, it allowed exploring the path of UNDAF as development framework in Mozambique, with focus on MSMEs CB as part of national inclusive development agenda.

¹⁴⁹ Salomon, Décio (1972) *Como fazer uma monografia: Elementos de metodologia do trabalho científico. Interlivros: Belo Horizonte.*

The comparative method compares a concrete reality with the purpose of verifying the similarities and explaining the differences (*ibid*). This method, on the one hand, allowed the understanding of the feature of the multilateral relations of GoM and the UN. On the other hand, it enabled to observe the features from UNDAF cycles concentrated in MSMEs CB. The method was applied to infer the policies and strategies from GoM and the UN system in addressing the development and MSMEs. Also, it allowed the extrapolate the evolution from UNDAF in Mozambique since its inception to the current stage.

The documental technique is the study of primary and secondary information sources (*ibid*). Through this technique, bibliographies, articles, journals and relevant institutional documents related to GoM and UN partnership were consulted. Also, all potential documental sources associated with UNDAF MSMEs CB was subject of consult. Most of the documental sources consulted included GoM and UN plans, reports, policies related to UNDAF on the context of Mozambique inclusive development agenda as well academic articles and journal along with bibliographies discussing MSMEs and CB. Also, due to the nature of the topic, the research included consultation of documental sources discussing the ToC.

According to Gil (2008: 109), the interview is the technique in which the researcher presents himself to the investigated one and asks his questions, in order to obtain data that interest the investigation. This technique was complemented with questionnaire. Thus, interaction through interviews and questionnaire with academics and officials intervening on UNDAF MSMEs CB was possible to understand the relevance of UNDAF as partnership for Mozambique inclusive development agenda. The interaction through interviews and questionnaire covered Mozambican relevant public institutions, the UN system and UNDAF stakeholders.

The interaction through interviews and questionnaire, took MSMEs CB as activities carried out for generate knowledge, skills and expertise for improve thinking ability oriented to productivity and sustenance¹⁵⁰. The two techniques allowed inferring UNDAF 2017-2020 MSMEs CB key actors, specific action on going, challenges and lessons. The answers were not subject of wright or wrong classification and was assured the anonymity from the interviewees as most of them requested to keep their identity private.

For infer UNDAF 2017-2020 MSMEs CB, each interviewee was asked to respond their answers on a scale from one (1) to five (5)- for determine level of knowledge

¹⁵⁰ (additional quoting) Nell; W and Napier; R (2006) *strategic approach of farming success*. Bloemfontein. University of Free State. South Africa.

(1 no specific knowledge to 5 have Knowledge); Agree with the statement (1 strongly disagree to 5 strongly agree) and the level of satisfaction (1 not satisfied to 5 very satisfied) associated to open questions.

5. UNDAF 2017-2020 key stakeholder's roles and specific actions on MSMEs CB in Mozambique

The UNDAF 2017-2020 is the third cycle of contribution from twenty-one (21) UN agencies under principle of DaO and Global Partnership for Effective Cooperation, with a required budget of seven hundred and nine million, nine hundred and fifty-nine thousand, six hundred and sixty-four United States Dollar (USD 709.959.664)¹⁵¹. For the current cycle, the development assistance framework vision is: The population of Mozambique, especially those living in most vulnerable conditions, enjoy the prosperity through equitable access to resources and quality services in peaceful and sustainable environment.

The development partnership has four (4) result areas, namely: (i) Prosperity¹⁵²; (ii) People¹⁵³; (iii) Peace¹⁵⁴ and (iv) Planet¹⁵⁵. The four (4) result areas comprises 10

¹⁵¹ The required budget has estimated contribution of USD 479.219.758 and a gap of USD 230.739.906 (UNDAF 2017-2020:15).

¹⁵² The result area has required of USD 223.548.614, estimated contribution of USD 159.278.839, a gap of USD 64.269.775 and aims to contribute to an economic development which is inclusive, transformative and sustainable and benefits all in Mozambique (UNDAF 2027-2020:1, 15).

¹⁵³ The result area has required of USD 329.648.821, estimated contribution of USD 215.001.263, a gap of USD 114.647.558 and aims to assist and develop systems and capacities for sustainable human and social development which ensures the provision of basic services for all people living in the country (*ibid*).

¹⁵⁴ The result area has required of USD 51.589.685, estimated contribution of USD 35.482.012, a gap of USD 16.107.673 and aims to support the consolidation of national unity, peace and sovereignty for all (*ibid*).

outcomes¹⁵⁶, specifically: (i) vulnerable populations are more food secure and better nourished; (ii) poor people benefit equitably from sustainable economic transformation; (iii) children, youth and adults benefit from an inclusive and equitable quality education; (iv) disadvantaged women and girls benefit from comprehensive policies, norms and practices that guarantee their human rights; (v) poor and most vulnerable people benefit from a more effective system of social protection; (vi) people equitable access and use of quality health, water and sanitation services; (vii) adolescents and youth actively engaged in decisions that affect their lives, health, well-being and development opportunities; (xii) all people benefit from democratic and transparent governance institutions and system that guarantee peace consolidation, human rights and equitable service; (ix) most vulnerable people in Mozambique benefits from inclusive, equitable sustainable management of natural resources and environment and (x) communities are more resilient to the impact of climate change and disasters.

The UNDAF 2017-2020 implementation is under coordination from UNDAF Steering Committee, which is co-chaired by Mozambican MOFA Minister and the UN Resident Coordinator. The UN Country Team under leadership for UN Resident Coordinator has responsibility of UN's efficiency on the implementation

¹⁵⁵ The result area has required of USD 105.172.544, estimated contribution of USD 69.457.644, a gap of USD 35.714.900 and aims to support changes for sustainable and transparent management of natural and environmental resources (*ibid*).

¹⁵⁶ All ten (10) outcomes are expected to be achieved through thirty-seven outputs.

of UNDAF in line with the recommendations and decision from UNDAF Steering Committee. For sectorial coordination, management and monitoring from UNDAF outcomes and outputs, stands the UNDAF interagency Results Groups chaired by specific Head of Agencies. For UNDAF monitoring and evaluation there has the Monitoring and Evaluation Reference Group. In addition, complementing the UN development support, there is a Humanitarian Country Team, in charge of humanitarian assistance.

The UNDAF's monitoring and evaluation cycle is based on the follow up of outcome and output indicators. The outcome indicators are aligned with GoM 2015-2019 Five Year Program as the main source. The UN focus in monitoring and evaluation cycle are mainly the outputs indicators aligned with SDGs related impact indicators. The UNDAF Annual review under leadership of UNDAF Steering Committee serves as principal mechanism for monitorate and analyse UNDAF's result achievement. The contribution from Results Groups and Monitoring and Evaluation Team stands as the main source for update UNDAF monitoring platform and produce integrated annual UNDAF monitoring report. Also, in penultimate year from UNDAF cycle (2019), it comprises an UNDAF independent

external evaluation related to UNDAF 2017-2020 cycle's implementation and result achievement¹⁵⁷.

Based on premise that the UN system in Mozambique has its inherent comparative advantages, and the UNDAF 2017-2020 as third cycle in the country is more consolidate, the research general objective is to study actions covered by UNDAF 2017-2020 on MSMEs CB in Mozambique from January 2017 to June 2019. The defined general objective pretends to address how UNDAF multiple stakeholder is contributing on MSMEs sustainability through CB, based on hypothesis that: (i) due to its inherent comparative advantages, the UN is UNDAF key stakeholder on MSMEs CB in Mozambique; (ii) legal enforced as State executive body, the Government NC contributes on MSMEs growth in Mozambique; (iii) MSMEs CB is crucial to their sustainability and (iv) Government NC along MSMEs CB contributes to MSMEs' business friendly environment. Therefore, the research is focused on four key components: (i) understand the key stakeholder's roles on MSMEs' CB on context of UNDAF 2017-2020; (ii) study specific actions covering MSMEs CB on context of UNDAF 2017-2020; (iii) address the challenges on the process of MSMEs CB on context of UNDAF 2017-2020 and (iv) address the lessons from MSMEs CB on context of UNDAF 2017-2020.

¹⁵⁷ The independent external evaluation will assess UNDAF's relevance, efficiency, effectiveness, impact and sustainability (UNDAF 2017-2020: 18).

For address the four (4) keys components from the research, it concentrates on activities from UNDAF 2017-2020 output 2.2. from the outcome 2¹⁵⁸ from Prosperity Result Area (public and private sector enabled to enhance business environment, competitiveness and employment). For the output 2.2., the UN¹⁵⁹, GoM¹⁶⁰, civil society¹⁶¹ and private sector¹⁶², with a required budget of nineteen million, four hundred and twenty thousand and four hundred, ninety seven United States Dollar (USD 19.420.497)¹⁶³, are implementing MSMEs CB along the country, focused on provinces of Nampula, Zambezia and Cabo Delgado covering four (4) key activities: (i) Enhancing self-reliance from protracted refugee at

¹⁵⁸ The Outcome 2 from Prosperity Result Area from UNDAF 2017-2020 is related to poor people benefit equitably from sustainable economic transformation. The outcome has 3 main outputs, namely: (i) output 2.1.-national and subnational systems and institutions enabled to enhance economic policy coherence and implementation; (ii) output 2.2.-public and private sector enabled to enhance business environment, competitiveness and employment and (iii) national capacity to collect, analyze and use high quality data on poverty, deprivation and inequities to inform economic policy is strengthened.

¹⁵⁹ The UN stakeholder's agencies for output 2.2. from outcome 2 of Prosperity Result Area are UNIDO, International Labour Organization (ILO), Food and Agriculture Organization (FAO) and United Nations High Commission for Refugees (UNHCR).

¹⁶⁰ The Government stakeholder's institutions for output 2.2. from outcome 2 of Prosperity Result Area are the MOFA, Ministry of Trade and Industry (MIC), Ministry of Land, Environment and Rural Development (MITADER), Ministry of Mineral Resources and Energy (MIREME), Ministry of Agriculture and Food Security (MASA), National Institute for Standards and Quality (INNQ) *Universidade Eduardo Mondlane*- UEM (the major Public University).

¹⁶¹ The civil society stakeholder's institutions for output 2.2. from outcome 2 of Prosperity Result Area are the Non-Governmental Organization (NGO) for Development People to People (ADPP) and the NGO KULIMA.

¹⁶² The private sector stakeholder's institution for output 2.2. from outcome 2 of Prosperity Result Area is the most representative business association, the Confederation of Trade Association (CTA).

¹⁶³ The output 2.2. from outcome 2 of Prosperity Result Area requires total budget of USD 19.420.497, but the available budget is USD 15.724.997. Therefore, there has a budget gap of USD 3.695.500 (Source: Joint_Annual_Work_Plan_2017-2020 from UNDAF 2017-2020).

Maratane refugee camp¹⁶⁴; (ii) support to Mozambique's MSMEs in investment promotion¹⁶⁵; (iii) Market-based dissemination of integrated renewable energy system for productive activities in rural areas¹⁶⁶ and (iv) utilize the opportunities from extractive to MSMEs (program more and better jobs in Nampula and Cabo Delgado province)¹⁶⁷;

¹⁶⁴ The UN (UNHCR), FAO and the NGO Kulima, with a budget of USD 1.345.000 from required 940.500 (surplus of USD 404.500) are implementing the activity only in the province of Nampula, where is located the UN refugee camp in Mozambique. The activity covers 1st August 2017 to 31st December 2020. (<http://www.fao.org/mozambique/news/detail-events/en/c/1206147/>), (<http://www.fao.org/mozambique/news/detail-events/en/c/1068719/>) and Source: Joint_Annual_Work_Plan_2017-2020 from UNDAF 2017-2020).

¹⁶⁵With a fund of USD 4.001.427, the project SMEs competitiveness and increase production in Beira, Nacala and Zambezia corridors, supported female farmers and entrepreneurs CB on agri-business competitiveness, transferring technology and promoting investment. It provided improved inputs, equipment, know how, management skills, networking and market access. The project activities covered 1st January 2015 to 31st December 2018.
<https://open.unido.org/projects/MZ/projects/140405>.

¹⁶⁶The UN (UNIDO), the GoM (MITADER), (MIREME), (UEM), (INNOQ), NGO ADPP and private sector (CTA) with a budget of USD 14.284.000 are implementing the activity at country national level. The activity covers 1st September 2017 to 31st December 2020). Source: Joint_Annual_Work_Plan_2017-2020 from UNDAF 2017-2020.

¹⁶⁷ The UNIDO with a budget of USD 95.000 post completed the activity at country national level. The activity covered 1st August 2017 to 30th March 2018. (Source: Joint_Annual_Work_Plan_2017-2020 from UNDAF 2017-2020).

The concentration on UNDAF 2017-2020 output 2.2. stands from its linkage with previous UNDAF 2012-2016 outputs 2.1., 2.2. and 2.3. from outcome 2¹⁶⁸ from Economic Result Area, which sequentially defined as indicators: (i) selected MSMEs from 5 selected poor provinces adopting market and value chain-oriented management and business practices; (ii) MSMEs from the 5 selected provinces having market models and information systems and (iii) selected Micro Financial Institutions (MFIs) providing increased inclusive micro-financial products in line with needs of vulnerable groups. The linkage between the two set of output pursue to follow the level of continuity from UNDAF MSMEs CB on the context of capitalize the opportunity from extractive industry to Mozambique inclusive development agenda.

The UNDAF is a multiple stakeholder partnership, which along the direct beneficiaries (MSMEs), it comprises the UN, GoM, international Governmental partners, private sector and civilian society organizations at national and international level. The UN through specialized agencies provides International Technical Assistance¹⁶⁹ to the GoM. The GoM¹⁷⁰ through its specific ministries has

¹⁶⁸ Outcome 2 from Economic Result Area from UNDAF 2012-2016 was to ensure the access of vulnerable groups to decent employment and improved opportunities of livelihood.

¹⁶⁹ The UN role in ITA comprises: (i) mobilize international financial, material and technical resources for UNDAF; (ii) provide to the GoM financial, material and technical support along the implementation of UNDAF; (iii) The UN multisectoral body of experts on UNDAF,

primary responsibility of implement UNDAF activities. The international Governmental partners, private sector and civilian society organizations main role is to complement UNDAF with expertise and provide financial, material and technical resources to UNDAF activities under umbrella of public-private-partnership (PPP) or development network.

For the proposed International Technical Assistance founded on cross sectorial approach which UNDAF operates, the targeted MSMEs has pivotal role to the success' rate of UNDAF implementation. Therefore, the shortage, existence or advanced internal individual, organizational and institutional capabilities and capacities¹⁷¹ from the MSMEs constitutes the key factor to forward UNDAF International Technical Assistance on MSMEs CB. Also, the level of ownership

participate on the promotion of NC from GoM through knowledge sharing and competence transference; (iv) the UN provides UNDAF advice and assessment as UNDAF SC co-chair.

¹⁷⁰ The GoM role on UNDAF implementation, comprises: (i) Mobilize national/international financial, material and technical resources for UNDAF; (ii) the GoM contributes with financial, material and technical resources along UNDAF's implementation; (iii) The GoM manages NC added from UNDAF's implementation and (iv) the GoM provides UNDAF advice and assessment as UNDAF SC co-chair.

¹⁷¹ The World Bank introduced distinction, where capabilities are the ability to undertake and promote collective action of whatever nature and its consequence and capacities are the ability of using available capabilities to meet concerns and objectives of society, quoting World Bank (1997:3) The state in changing world. World Bank: Washington D.C..

sense and self-commitment from MSMEs are crucial to the success of UNDAF International Technical Assistance on MSMEs CB. Finally, the micro and macro environment that the MSMEs are incorporated has influence on the rate of success of UNDAF International Technical Assistance on MSMEs CB.

Conceived and operating as multiple stakeholder and cross sectorial partnership, the UNDAF requires high level of permanent communication and coordination adjusted to stakeholders' different institutional and technical endowment. Therefore, objective, efficient and effective channels of communication and coordination at programmatic and operational level stands as proxy of UNDAF DaO approach. The prosecution of a coherent and continuous interactions among UNDAF's multiple stakeholder with cross sectorial dimension, is crucial for address and minimize its inherent challenges associated with efficient and effective strategy of communication and coordination resulting from broad and multiple range of visions and its practical result.

An efficient and effective communication and coordination translates diversified aspirations from UNDAF's stakeholders according to the institutional and technical endowment they operate. Even at programmatic level, the UNDAF seems to endorses as advantage, in some extent, to address clearly the stakeholder's roles

and responsibilities for its operational level, its broader scope and environment of operation challenges the effort, in order that, KPMG (2015:6) argued that, the context in which the UNDAF operates is quite difficult to attribute the witnessed results to the initiative of a single organization, due to multiple stakeholder nature of partner, which also is influenced by other exogenous factors.

The GoM as UNDAF implementer with International Technical Assistance from the UN, continues to be challenged with some institutional and technical limitations, associated not only with budgetary and financial constrains but the self-sufficient provision in terms of more qualified technical staff with his assigned technical and material resources. This challenge, in some extent tends to influence the optimization of efficient and effective communication and coordination with other relevant stakeholders beyond the UN. Furthermore, on the context of UNDAF, which the UN system international technical assistance operations lie on multiple specialized agencies and specific operational technical teams, for address UNDAF result areas and its inherent dimensions, the communication and coordination optimization is also challenged due to its inherent broader stakeholder operational environment.

Under this consideration, taking as sample, for address the linkage between UNDAF's outputs and outcomes, a UN senior officer¹⁷², above all, recognized that there is a great effort to the challenge of optimizing more communication and coordination. For the officer, was important to address the challenge taking in account the inherent context of some extent specificity from UN specialized agencies mandate and its geographical focus as well the country national development indicators provided locally. From the point of view of the interviewee, the reality suggests that in overall, there are in some extent, on-going communication and coordination that need to be strengthen more and more.

Also is important to aggregate other stakeholders to the GoM and UN system challenges associated to communication and coordination optimization. In a context which the targeted direct beneficiaries from UNDAF are relatively less or lacked in terms of institutional and technical endowment, the intended communication and coordination is challenged. Here, the empirical trend is that the level of communication and coordination optimization receives influences from both GoM as well the UN system. In addition, for other GoM and UN system UNDAF complementary stakeholders such as governmental, NGOs and private sector, that joins to UNDAF multiple stakeholder partnership, the communication

¹⁷² Senior UN Officer working for fifteen on UNDAF, responding the research questionnaire (October 2019).

and coordination optimization also is challenge due to broader environment, which UNDAF operates.

Showing proactive concern to the need of UNDAF optimization of communication and coordination as the roles and responsibilities from UNDAF stakeholders at programmatic level are clearly addressed, a UN senior officer interviewee¹⁷³, promptly stated: “more communication and coordination has to be considerate for effective synergy”. Adding, the officer under consideration, highlighted that there has ground for GoM capitalize more the UN comparative advantage related to its global network and body of knowledge for comprehensive NC and ownership.

Even there are challenges of communication and coordination optimization due to multiple stakeholder nature which UNDAF operations, in some extend, there are on-going UNDAF’s best practices operations, which optimises communication and coordination. These best practices are UNDAF joint programs (JP)¹⁷⁴, which all concerned UNDAF operations, from their inception, implementation, monitory,

¹⁷³ Senior UN Officer working for fifteen on UNDAF, responding the research questionnaire (October 2019).

¹⁷⁴ KPMG (2015:45, 66, 67). It points the joint initiative education in Changara district, Mozambican province of Tete, where UN Education, Science and Culture Organizatian (UNESCO) along Wolrld Hwealth Organization (WHO), UNFPA, FAO, WFP and UNICEF provided 53 027 students from 121 school nutritional, sanitation and health access. Also it indicates the national HIV/AIDS response and gender mainstream through joint teams.

evaluation, potential readjustment to the closure are assigned to a specific GoM, UN system programmatic and operational technical joint staff. This programmatic and operational team works hand-in-hand along direct beneficiaries and relevant national and international stakeholders. These UNDAF best practices have shown high rate of effective communication and coordination optimization, in order that they stand as successful UNDAF's programs and projects in achievement of their core business outputs with related outcomes and impacting results.

Under these consideration, for the inherent need of more communication and coordination optimization on the context of UNDAF, the KPMG (2015:77) suggested that UNDAF could progressively operationalized through more joint programs, carefully identified from complying cost-benefit analysis. The KPMG view, considered that Mozambique had some good examples of joint programs that could be subject of replication in other UNDAF thematic area. The report also, points out that, the joint programs translates complementarity and synergy within UN system as well among other relevant stakeholders. Associated, it expressed optimization of collective work through joint team (JT) on common national development priorities and the reduction of duplicative activities (ibid).

Primarily, the UNDAF International Technical Assistance on MSMEs CB should operate aligned with a broader grassroots participative consultation. This presupposes previous interaction among GoM stakeholders and local communities. Therefore, the UNDAF International Technical Assistance on MSMEs CB relies from its inception to a sustainable common ground achieved by the GoM and the targeted beneficiaries MSMEs. This preliminary condition is relevant to UNDAF International Technical Assistance on MSMEs CB as it aims to boost NC and fulfil a participatory ToC. From these assumptions, the targeted MSMEs role essentially is to foster a smart partnership into a multiple stakeholder operation from UNDAF International Technical Assistance. For the GoM as MSMEs CB implementer, its key role is organizing the required basic conditions, which enables multiple stakeholder operation from UNDAF International Technical Assistance.

Based on the primary conditions under GoM responsibility, the UN (UNDAF comparative advantages) has ground for forward International Technical Assistance on MSMEs CB. The UNDAF cross sectorial expertise body constitutes a key stakeholder for boost NC from MSMEs providing adjusted CB and participatory ToC. Therefore, based on neutrality that the UN System enjoys, the UNDAF is better off suited for networking with global scope and mobilize broader inputs to MSMEs CB. Under this consideration, the UN as well GoM stands as

UNDAF key stakeholder for provide International Technical Assistance to the GoM as UNDAF's implementer.

As part of global network, the private sector and civilian society organizations at national and international level as well governmental and multilateral donors pays an indispensable complement and support to UNDAF operations on MSMEs in Mozambique. Tailored on PPP, these set of stakeholders provides added value to UNDAF partnership, boosting multiform synergies with the UN system and UNDAF MSMEs CB. Therefore, these set of stakeholders complements UNDAF operation aiming NC related to MSMEs CB.

For MSMEs CB on the context of UNDAF 2017-2020, under UN approach DaO, the UNDP, UNIDO, International Labour Organization (ILO) and FAO constitutes the leading specialized agencies. From the GoM, the MOFA, MIC, IPEME, APIEX, MIREME, MITADER, MASA, Ministry of Labour, Employment and Social Security (MITESS), Ministry of Economy and Finance (MEF), Ministry of Culture and Tourism (MICUTUR) and Ministry of Public Works, Housing and Water Resources (MOPHRH) are the foremost institutions. At national level, the CTA is the main representative organization from the private sector along with

international energy-mineral complex FDI mega-project¹⁷⁵. The international donors comprised: (i) Global Environment Facility¹⁷⁶; (ii) Spanish fund for SDGs¹⁷⁷; (iii) Italian Government¹⁷⁸ and others¹⁷⁹.

Regarding specific actions on MSMEs CB covered by UNDAF 2017-2020 in Mozambique, there are studied taking in account four aspects. First, the MSMEs CB are associated with the GoM institutional and technical NC. Second, the MSMEs CB are aligned with GoM inclusive development framework, which prioritizes value chain¹⁸⁰ and value added on agro-industry¹⁸¹, tourism, transportation/logistics, energy, mineral resources boosted by MSMEs linkage to LEs, mainly from extractive industry. Third, the MSMEs CB are linked with UN development principle of NC promotion and ToC. Fourth, the actions are studied

¹⁷⁵ The most representative mega-projects are Mozal aluminum smelter; SOSAL-gas producer; Vale Mozambique-coal producer; Kenmare-Heavy sands producer; LNG projects from operators of area 1 (Former Anadarko, now TOTAL) and area 6 consortium.

¹⁷⁶ The institution is partner on the activity of Integrated renewable energy system

(<https://open.unido.org/projects/MZ/projects/150263>)

¹⁷⁷ This governmental fund supported the UN Program more and better jobs

(<https://open.unido.org/projects/MZ/projects/150034>)

¹⁷⁸ Supported the project SMEs competitiveness and increase production in Beira, Nacala and Zambezia corridors. <https://open.unido.org/projects/MZ/projects/140405>

¹⁷⁹ African Development Bank (AdB), Government of Austria, Norway, Sweden and United Kingdom. Source: UN (2017:19) UNDAF Annual Report

¹⁸⁰ The Value chain under consideration comprises: (i) development of production; (ii) procurement; (iii) production; (iv) sales and marketing and (v) after sale support.

¹⁸¹ The Republic of Mozambique 2004 Constitution, defines agriculture as basis of national development in its article 103. The agro industry comprises agriculture, fisheries and forest.

on the context of three main CB dimension¹⁸² as start-ups or established MSMEs. Finally, the MSMEs CB are approached within Mozambican MSMEs profile framework.

The UNDAF activity carried out at Maratane community¹⁸³ as project “livelihoods for durable solution: enhancing self-reliance in a protracted refugee situation”, is providing CB to informal start-up MSMEs¹⁸⁴ with targeting 1.300 direct beneficiaries among refugees and native people. For boost local food security and sustainable livelihood, through small scale sales from the production surplus, the informal MSMEs CB concentrates on: (i) agriculture¹⁸⁵ and poultry production inputs¹⁸⁶; (ii) production technical assistance (core business) and (iii) networking and exchange among farm producers.

The Maratane’s informal MSMEs CB, first reflects the institutional and technical GoM NC level. Second its responds in some extent to the priority of agriculture as source of inclusive development in Mozambique. Third, in some degree the

¹⁸² Its comprises (i) Human CB; (ii) organizational CB and (iii) institutional CB (World Bank approach of CB)

¹⁸³ Maratane is a community from Mozambican Northern Province of Nampula, which has an UN camp hosting 9.000 refugees.

¹⁸⁴ The MSMEs are composed by individual entrepreneurs and female associations.

¹⁸⁵ The crops are basically rain fed short season cultures composed mainly by vegetable.

¹⁸⁶ The input set comprises, seed, agricultural sprayer, agricultural chemicals and chicks for poultry.

MSMEs CB is within UN promotion of NC and ToC principle. Also, there some element from the CB's dimensions along with country's MSMEs profile.

In Maratane, the UNDAF's International Technical Assistance to GoM for MSMEs is extensively shaped with GoM institutional and technical limited NC. The MSMEs under consideration are been provided CB for small scale agriculture and poultry within GoM available NC that are not able to accommodate more integrated approach. Under this consideration, the Maratane's MSMEs are benefiting some concentrated part of CB, which its contribution to MSMEs growth in its core business is limited.

Following, in Maratane, the proposed intervention on MSMEs CB in some magnitude boost NC in small scale agriculture and poultry. However, it needs an integrated scope as agriculture and livestock value chain and added value, as the CB basically focus in providing alternative productive subsistence means, mainly due to limited institutional and broader technical local capacity. Therefore, the UNDAF's International Technical Assistance to GoM in providing inputs, concentrated production training and production exchange to farmers and entrepreneurs addresses MSMEs CB in limited scope to integrated agriculture value chain and value added, in result of prevailing institutional and technical NC.

The limited CB to this MSMEs provides less endowment for transition from small scale to agriculture based in economy of scale and commercial. This scenario limits the prospect for capitalize linkages from these MSMEs to potential market as value chain and value added.

The Maratane MSMEs CB in some extent are NC and embrace ToC. Therefore, even there has a concentrated and limited CB, with small scale operations, these MSMEs are exposed to International Technical Assistance that catalyses potential mind set change on development of agriculture and livestock. Therefore, the beneficiary MSMEs have ground for capitalize to their core business activities through the best practice, which they are provided through CB. Even with limited scope for grow steadily, in some sense, these MSMEs are empowered for change the approach of their core business activities from the early stages of their operations as there are exposed to International Technical Assistance.

Regarding specifically to the CB, the MSMEs from Maratane are benefiting much MSMEs inputs on human CB with focus on MSMEs core business (small scale agriculture and poultry). This CB with much human CB and less organizational and institutional dimension empowerment, restrict these MSMEs to follow the path to economy of scale. Therefore, the level of their organizational and institutional

framework as MSMEs prevails much as informal cluster of the economy, which yet operates in a limited networking and linkage with related business chain. The prevailing MSMEs limitation at organizational and institutional dimension, has implications in overall MSMEs operations as its human asset has restrains related to MSMEs structure.

The Maratane MSMEs fulfil the national profile of extensive cluster from small and medium business. This cluster of economy is dominated by business with informal operations, limited business management skills, limited propensity of growth, propensity to bankruptcy, low propensity of saving and investment, limited physical capital asset, labour with low formal education, small scale production with low productivity, retail activities providers, limited and instable customer network, low rate of business return, reliance on informal saving scheme, less equipped infrastructure, limited business linkages and access to financial service providers. From this profile, the Maratane MSMEs CB are challenged with limited MSMEs human capacities along with institutional and organizational dimension, as the CB emphasis are concentrated on promote skill enhancement on MSMEs core business, in order that other challenges are not addressed as integrated intervention.

The UNDAF activity “support to Mozambique’s MSMEs in investment promotion” provided CB to SMEs aiming increase production and agri-business competitiveness, capitalizing the advantages from Mozambican Beira, Nacala and Zambézia corridors. The CB to female farmers and entrepreneurs comprised: (i) improved agriculture production inputs; (ii) production technical assistance (core business); (iii) management skills; (iv) technology transference; (v) value add to production output; (vi) agriculture infrastructure; (vii) networking and investment partnership and (viii) market access.

The CB to MSMEs under “support to Mozambique’s MSMEs in investment promotion” translate added value from synergies within optimal institutional and technical GoM NC. On the context of national inclusive development sectors, the MSMEs core business responds its vision and mission (promote value added along the agriculture value chain). In addition, the beneficiary MSMEs fulfil the UN NC and ToC matrix. Also, under the program, the MSMEs are broadly endowed regarding CB dimensions on the context of MSMEs profile.

Under the “support to Mozambique’s MSMEs in investment promotion”, the UNDAF International Technical Assistance capitalized the synergies beyond GoM NC. The target MSMEs in wider extent benefit from more integrate CB, with

emphasis on support for economy of scale production through access to improved production inputs, technology and agriculture infrastructure and value added to output and access to market. In addition, the MSMEs were linked to potential sources of agriculture and agri-business investment. Also, the MSMEs were endowed for maximize the advantages from the corridors as potential domestic and international market as they are linked by roads and railways with hinterland connections. Therefore, from the CB, the MSMEs and its core business has high propensity of growth.

The MSMEs CB which addressed the relevant components from agriculture value chain, provides optimal economic prospect for NC, based on transition from small scale agriculture to production with economy of scale and better value added in all agriculture value chain. This prospect constitutes a great potential for induce in medium and long term, an agriculture value chain with up and downstream linkage, which is able to catalyze a competitive agro industry and agri-business. Under this consideration, the CB provided to the MSMEs is well suited to UN NC promotion and ToC. Therefore, the MSMEs CB stands as valuable contribution to country challenge of boost a cluster of a resilient commercial agriculture as path to economic structural change, with economic diversification and emerging industry.

From the panorama of broader integrated intervention from the project, the dimension of CB and MSMEs national profile, under UNDAF International Technical Assistance to GoM, the MSMEs CB addresses human CB and its organizational and institutional dimension. Therefore, the intervention through CB targeted the development of MSMEs core business, providing know how and skill to the producers along with technological/technical inputs to MSMEs organizational and institutional dimension. From this reality, the project stands as best practice in MSMEs CB as broader in scope and addressing the MSMEs value chain.

The UNDAF activity “market-based dissemination of integrated renewable energy system for productive activities in rural area” is providing CB to five (5) pilot formal and informal MSMEs¹⁸⁷ operating in small and medium scale farms and agro-food processing industries in rural and peri-urban areas.¹⁸⁸ Under holist market-based approach based on PPP¹⁸⁹, the project is providing solar water pumps and 100-500 kilowatt biomass system based on waste-to-energy technologies¹⁹⁰,

¹⁸⁷ Project target is establishing 450 solar water pumps and 450 biogas system. For the pilot phase, are been dispose 40 solar water pumps and 22 biomass systems.

¹⁸⁸ The activity covers rural and peri-urban areas from Mozambican provinces of Gaza, Tete, Nampula and Niassa.

¹⁸⁹ The Global Energy Facility as project partner is covering 20% of capital cost for the beneficiary pilot MSMEs that are covering the remaining costs through financial schemes or self-savings.

¹⁹⁰ Renewable energy system that transforms food and human waste to electric energy.

for induce the targeted MSMEs productivity and competitiveness. The CB to these MSMEs comprises: (i) allocation of solar water pumps and biomass systems; (ii) water pump and biomass system operation/maintenance technical assistance; (iii) business management; (iv) linkage to financial service providers and (v) linkage with water pump and biomass system operation/maintenance inputs providers.

The MSMEs under the project of integrated renewable energy translates other optimal institutional and technical GoM NC. The MSMEs core business are in some degree aligned with national inclusive development sector. Also, these MSMEs are into UN NC promotion and ToC matrix. They are relatively endowed in terms of CB dimensions on the context of MSMEs profile.

This specific UNDAF International Technical Assistance in some extent goes beyond GoM NC. The MSMEs covered with the project are been empowered in some degree with more integrated approach. Therefore, their CB has good propensity for grow their core business and as well the MSMEs growth. These set of MSMEs are beneficiating: (i) production physical capital inputs with coverage initial capital cost; (ii) the capital inputs based on renewable energy are mobilizing

reduction within production cost structure¹⁹¹; (iii) they are mobilized to operate linked to financial services providers and (iv) the cost share from MSMEs on initial operation under renewable energy matrix, mobilized the capacities of ownership.

The MSMEs CB based on production capital inputs powered from renewable energy matrix, provides optimal economic prospect for NC centred on transition from small scale agriculture and livestock to a production with economy of scale and more value added on agriculture value chain. Also, it induces the inception of related agri-business as downstream effect. Therefore, the UNDAF International Technical Assistance to GoM with a broad scope of MSMEs stimulates the MSMEs growth as they dispose of production physical capital inputs that reduces significantly the production cost along with local technical and financial service providers for their core business activity.

The CB provided to MSM under integrate renewable energy system project is well suited to UN NC promotion and ToC. Therefore, the MSMEs CB are customized for reduce significant part of production cost and ensure the business sustainability.

¹⁹¹ In Mozambique one of the crucial limiting for MSMEs is lack of electricity connectivity or its access with relatively significant weight on the production's structure cost, mainly those relying on fossil fuel matrix (commonly production physical inputs/ capital powered by diesel).

Also, the MSMEs CB stands as a contribution to NC and ToC regarding the use of clean and renewable production technologies. Since, these MSMEs are exposed to International Technical Assistance, which is able to catalyses a different mind-set in agriculture value-added along the value chain. This MSMEs CB stand as one of best practices on MSMEs production matrix. The UNDAF International Technical Assistance to GoM under renewable energy is potential contributor to growth of MSMEs operating in agriculture and agri-business.

Regarding the dimension of CB and MSMEs national profile, under UNDAF International Technical Assistance to GoM, the MSMEs CB related to renewable energies are benefiting CB from human to their organizational and institutional dimension. Even, the inputs of CB are concentrate on production operations, management and technical and financial support, they stand as relatively broader MSMEs CB. Therefore, their propensity for expand their core business activities are potential available.

Oriented for capitalize the opportunities from inward Foreign Direct Investment in extractive industries to MSMEs, the UNDAF ITA to GoM, denominate “program more and better jobs”, provided MSMEs CB in Mozambican provinces of Nampula and Cabo Delgado. The CB was concentrated on promote MSMEs

business linkage with LEs from extractive industry through Subcontracting and Partnership Exchange (SPX)¹⁹² and Resource Efficient Cleaner production (RECP) program¹⁹³. Under the program, the MSMEs CB comprised: (i) Enhance business linkage between large buyers LEs and the MSMEs; (ii) coaching MSMEs in RECP implementation; (iii) promotion of joint ventures and technology partnership and (iv) improvement of MSMEs quality and outreach of One Stop Shops.

The CB for MSMEs under the “program more and better jobs”, responds the optimal institutional and technical NC. For this set of MSMEs, their core business is aligned with national inclusive development sectors and promotion of national content. Furthermore, the MSMEs under the program are well suited to UN NC promotion and ToC principle. In general, the MSMEs are relatively endowed in CB dimension on the context of MSMEs profile.

¹⁹² They are thirty (30) UNIDO worldwide networking centers for promote value added from subcontracting and matchmaking local MSMEs with domestic LEs (business linkage MSMEs-LEs). The platform supporting service includes: (i) enterprise profiling; (ii) matchmaking; (iii) benchmarking and (iv) buyer engagement. These centers are matchmaking suppliers and buyers at national, regional and international level in Sub Saharan Africa, Asia, Europe, Latin America and Middle East.

¹⁹³ Program for prevent and reduce risks to humans and environment resulting from production process.

Under the “program more and better jobs”, the UNDAF International Technical Assistance contributed to integrated GoM NC. Therefore, from the program, the MSMEs are been provided competitive capacities in order to capitalize business linkage with LEs from extractive industries. From this panorama, the CB provides good propensity for growth of the core business and the MSMEs. From the CB, the MSMEs are benefiting: (i) buyer engagement among large domestic and foreign enterprises, mapping out supply chains according to buyer standards; (ii) know-how and expertise on conduct sustainable production from RECP; (iii) technology upgrading from their core business operations with international standards and (iv) certified MSMEs supplier’s status.

The set of benefits which the MSMEs are experiencing has high potential for promote NC transition from relatively residual contribution to better off contribution on extractive industry value chain in medium and long term. Furthermore, the CB is able to induce the inception of extractive industry related and linked MSMEs as downstream effect. Thus, the UNDAF International Technical Assistance to GoM, under “program more and better jobs”, beyond promotion of local content, constitutes added value to country path to economic diversification via capitalization of high linkage from MSMEs and LEs in preeminent extractive industry.

The MSMEs CB under “program more and better jobs” constitutes valuable UN NC promotion and ToC. From the program, the MSMEs CB is tailored for induce business linkage, which is a potential opportunity of MSMEs benchmark and competitiveness. Therefore, the CB on the context of the program, stands as valuable contribution to NC and ToC as there is ground for inception and development of downstream MSMEs as well conditions for attract upstream MSMEs through joint venture with FDI.

Viewing the dimension of CB and MSMEs national profile, the “program more and better jobs” is been providing integrated CB, comprising human CB and their organizational and institutional dimension. Even, the inputs from the CB are broader concentrate at organizational and institutional dimension, with emphasis on boost MSMEs capacities as relevant suppliers to LEs on extractive industry, it stands as relevant MSMEs CB, which mobilizes and induces propensity of investment in labour human capital as result of benchmarking and competitiveness.

6. UNDAF challenges and lessons on MSMEs CB

The UNDAF challenges on MSMEs CB as multiple stakeholder partnership are situated from macro to micro partnership level and business environment. As main lesson, on the context of UNDAF MSMEs CB, the GoM is suggested to maximize and capitalize UN comparative advantages aiming to benefit from global synergies.

At macro level, on the one hand, the main challenges are associated with more communication and coordination optimization among the UN and GoM as key partners under UNDAF MSMEs CB. Therefore, more communication and coordination optimization is needed to consider for effective synergies under UNDAF Steering Committee. On the other hand, there are constrains related to joint work with national partners due to *inter alia*, internal organizational, human capital and transparency, challenge the effectiveness of MSMEs CB. Furthermore, at macro level, combined UN budgetary and resource mobilization constrains as well focus on funding to humanitarian and social areas along with GoM constrains in deliver its contribution in UNDAF due to domestic economic downturn,

constitutes challenge to MSMEs development under output 2.2¹⁹⁴ due to limitation of proposed MSMEs CB.

Other macro level challenge related to UNDAF MSMEs CB, is the panorama of extensive number of informal MSMEs. The reality constrains MSMEs CB with more integrate approach. Under the situation, there are limitation for provide CB on financial service providers, linkages, technologies and potential core business certification as supplier or producer as these MSMEs operates on informal cluster of the economy. Furthermore, an extensive MSMEs a not able to join to CB under shared cost schemes due to lack of initial capital and viable collaterals¹⁹⁵ as informal cluster of the economy. Hence, the MSMEs CB is challenged by the dilemma of MSMEs lack of capital and full cover of initial cost, mainly for CB with high initial fixed cost¹⁹⁶, which in some degree influences on MSMEs sense of ownership and commitment for join the CB.

¹⁹⁴ The output 2.2.is part of outcome 2 from Prosperity Result Area. The output is related to public and private sector enabled to enhance business environment, competitiveness and employment.

¹⁹⁵ The collateral under consideration is assets, which includes equity or physical capital as banking guarantee or access to insurance certificate.

¹⁹⁶ This refers to MSMEs production operations which require machinery and equipment beyond their economic and financial capacities.

Also at macro level, under the current assumption of capitalize MSMEs CB to linkage with LEs on extract industry, the MSMEs CB are constrained with the gap of a domestic local content policy. Although, there are in place some cases of good practices of MSMEs CB linkage with LEs on extractive industry, in overall they are still incipient business linkages with less complementarity or interconnectivity to related production value chain. The gap of a domestic local content policy as a formalization at strategic level, challenges the real potential benefits that the MSMEs are able to catch up in the medium and long run as certified partners with value added on the extractive value chain. Therefore, a domestic local content policy in place, would optimize the MSMEs CB on matter of linkage with LEs on extract industry. Hence, it would catalyst in medium and long term, the path to emerging local upstream and downstream suppliers and related industries to extractive industry value chain.

At micro level, the main challenge from MSMEs CB is associated to MSMEs limited business management skills and its related MSMEs sustainability. As most of the MSMEs are owned or operated with labour with low formal education, in order that there are limited capacities of management at labour, organizational and institutional level. Most of the MSMEs operates with very limited or lack of a basic management structure. Under this reality, most of the MSMEs CB which includes, business management skills have propensity of succeed in medium and

long term with continuous CB. Hence, the sustainability from MSMEs CB are ensured after external support with a sustainable medium and long term related CB. So, the MSMEs CB, with short term approach or that doesn't cover related business management skills challenges the MSMEs sustainability, which is one of most challenging MSMEs dilemma for survive and grow/mature.

Other challenge from MSMEs CB are linked to limited access to financial services providers as well competitive interest rate. As much of the MSMEs operate in informal cluster of economy, their propensity of accede formal banking and financial service is limited. Therefore, the MSMEs are relatively disadvantaged in terms market risk and guaranties, in order that are less attractive for formal banking and financial services. For that group of MSMEs that are legible for formal banking and financial services, their main challenge has been the interest rate from financial product for MSMEs, which are less competitive. Under the reality, most of the MSMEs tend to rely on informal saving schemes or to limited financial service providers due to some propensity of non-performing loan (NPL).

In terms of lessons, under UNDAF, starting point on the contribution on MSMEs CB is that UN as well GoM are key partners and other stakeholders are complementary, essential but no key partners. Under this primordial assumption,

for the GoM as MSMEs CB implementer is advised to maximize and capitalize UN CA based on global network and multidimensional knowledge body on the context of UNDAF, as the UN is better off for mobilize global synergies. Therefore, NC based on GoM stands as crucial for better environment to MSMEs CB under UNDAF NC and ToC framework.

For MSMEs CB on the context of UNDAF, is needed to strength MSMEs CB within sectors that add value to value chain in national production. The integrated MSMEs CB offer better inputs for MSMEs grow, expand and mature as they become resilient to external market shocks. MSMEs CB within sectors that add value to national production value chain, stands as more productive and sustainable as they contribute to induce productivity, economy of scale, economy diversification, boost employment and national output growth.

On the context of UNDAF MSMEs CB, is needed to strength much integrated MSMEs CB. There has relevance of address MSMEs CB which includes MSMEs formalization, management, linkage, technology, market and sources of sustainability, targeting human, organizational and institutional dimension. The integrated approach of MSMEs CB stands as medium and long term sustainable

CB, which ensure MSMEs growth, expansion and mature with complementarity on the production value chain.

Finally, under UNDAF MSMEs CB, is needed gradually to strength CB based on shared cost approach. CB based on shared cost is conceived as path for capitalize beneficiary MSMEs with sense of ownership. As the MSMEs operates with some financial responsibility for the investment, their degree of commitment tends to be high more than operations free from shared cost of investment. In overall, the approach mobilizes entrepreneur proactivity and competition.

7. Conclusion

First, based on the assumption that since 2007 the UNDAF as UN and GoM partnership started its four years cycle on development assistance, the UNDAF 2017-2020 is conceived as cycle that can contribute to the path of Mozambique's inclusive development agenda. Second, from the assumption that the most comprehensive MSMEs CB took place under UNDAF umbrella, is relevant to address in which extent, the UNDAF 2017-2020 constitutes a follow up on MSMEs CB. The basic premises are that the current UNDAF is consolidate from its previous two cycles and is enabled for capitalize the UN comparative advantages. From these basic premises, relying on CB and ToC approach as theoretical framework, the research addresses if the UNDAF 2017-2020 stands as relevant partnership for MSMEs CB in Mozambique on the context of inclusive development agenda. The purpose of the research is to capitalize the UN support to MSMEs, shaped with the potential opportunity from LEs operating on the extractive industry, for boost business linkages and economic diversification.

Taking in account the multiple stakeholder nature, which UNDAF operates, the research addresses how UNDAF is contributing to MSMEs sustainability through CB. In order to address the potential research problem, was important to

understand key stakeholders, specific action related to MSMEs CB along with its main challenges and lessons learnt from the process. As advanced propositions, the research addressed: (i) UN as key stakeholder on MSMEs CB; (ii) GoM NC as relevant for MSMEs growth; (iii) MSMEs CB as crucial to MSMEs suitability and (iv) GoM NC contributes for friendly business environment.

The UNDAF 2017-2020 contribution on MSMEs CB, stands as UN International Technical Assistance to GoM as implementer. The UN and GoM along with targeted MSMEs are the key primary stakeholder and partners with shared responsibilities for MSMEs CB. Under UNDAF 2017-2020, the UN responsibility is to use its inherent comparative advantages for promote NC from GoM as implementer. Other stakeholders, on the MSMEs CB are relevant but complementary. Therefore, the UNDAF International Technical Assistance on MSMEs lies on common ground from the GoM and the targeted MSMEs.

The specific actions on MSMEs CB covered by UNDAF 2017-2020 are value chain and value added from agro-industry and the linkage to extractive industry, which translate alignment with GoM inclusive development framework priority

sectors. These MSMEs CB in some extent are inducing NC and ToC as there able to optimize GoM institutional and technical capacities. The MSMEs CB on the context of UNDAF are engaged on productive sector of the economy, that incentivize value added into the value chain out of non-value added activities related to trade retail and general services. Therefore, these MSMEs CB constitutes valuable experiences that are applicable for country's inclusive development agenda.

On the context of UNDAF CB, the challenges mainly are associated to general business environment. The first great challenge is the transition of extensive MSMEs from informal cluster of the economy to formal economy. Along with informality, the MSMEs are still challenged by weak management structures as well lack of capital. Even existing some public institutional and legal schemes for improve business environment, the combined situation pointed out previously, constitutes a source for limited access to formal banking and finance schemes and proactive business networking. Under the reality, the UNDAF intervention on CB to targeted MSMEs stands as relevant contribution for provide MSMEs input for their operations, but is need additional effort for capitalize the MSMEs CB under formal economy.

As mentioned above, that UN and GoM stands as key partner on UNDAF's MSMEs CB and other stakeholders as complementary but not key partners, the key lesson is that the GoM as MSMEs CB implementer is advised to maximize the UN comparative advantages. The GoM as key partner of UNDAF's MSMEs CB is advised continuing to consolidate its institutional and technical capacities complemented with UN global synergy. These achievements stand as crucial for GoM NC and ToC toward continuous favourable business environment to MSMEs target by UNDAF CB.

From the key notes made related to stakeholder, current actions covered by UNDAF's MSMEs CB, the research is able to validate the hypothesis. First, The UN along the GoM stands as the key stakeholders for UNDAF's MSMEs CB, the UN is endowed with comparative advantages, including institutional and technical capacity for promote ToC and the GoM accounts with some institutional and technical relevant experience. Second, GoM NC positionates as crucial for MSMEs growth, under evidence of increased level of institutional and technical response. Third, MSMEs CB continuous relevant for MSMEs sustainability as result of external added value inputs. Finally, GoM and MSMEs hand-in-hand NC stands as catalyst for favourable business environment as it provides ground for shared vision and standing long term partnership.

From all consideration made above, the present research conceives the UNDAF 2017-2020 as relevant partnership for MSMEs CB in Mozambique. The UNDAF as development assistance to a Member State is operationalized based on continuity of each cycle as interconnected intervention. The UNDAF integrate approaches within political, social, economic and environmental dimension, allows UN International Technical Assistance to contribute on the promotion of NC and ToC. Through UNDAF as extensive UN International Technical Assistance to the GoM inclusive development agenda, the country built and is consolidating the basic legal and institutional framework for improve and boost the better environment for MSMEs. Under UNDAF partnership, Mozambique has institutions that in some extent are reasonable endowed for provide basic support to the operation of MSMEs¹⁹⁷. Furthermore, even additional inputs are needed on legal framework for MSMEs, the standing institutional and legal framework provides basic conditions for induce MSMEs business¹⁹⁸.

¹⁹⁷ The standing Governmental institutions for MSMEs support (IPEME, APIEX, One Stop Shop, SPX, RECP).

¹⁹⁸ Among other there in place: (i) Private sector development strategy 2013-2022; (ii) Strategy for business environment enhancement; (iii) strategy for MSMEs.

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4. Officer from Confederation of Business Association (questionnaire on October 2019)
5. Researcher from an Institute of Research (responded questionnaire on October 2019)

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Dedication

I dedicate this Master of Arts in International Area Studies to my mother Isménia Cardoso, who always believed on my potential for the challenges of the life and to the memory of my “great” father Jerónimo José da Cunha for his dedication and immeasurable support in all stages of my life. I dedicate to Manuel Morais, Maria Adelaide, Lacerda Cardoso, Hermenegildo Soares, Alice Cardoso, Henriqueta Cardoso, Zé Carlos, Abílio Magaia, José Pacheco, Fátima Manso, Nilton Mujovo, Nelson Rondinho, Paulo Wache, Calton Cadeado and Inocência Henriques for their fraternity and solidarity. To the memory of João Fumane, Saidina Olete Paiva, Tirisa Paiva, Elisa Soares, Saide da Cunha, Jerónimo Júnior, Herminio António, Maria Elisa, Marcelino Paiva and Fernando. Yes! always they are present. Finally, I dedicate the degree to my idol Nelson Mandela (Madiba) and to all men and women on planet earth who have been striving for a fair and better world.

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Appendix

Appendix 1

Research

Topic: United Nations Development Assistance Framework (UNDAF) 2017-2020 Micro, Small and Medium Enterprises (MSMEs) capacity building in Mozambique

Frame time: From January 2017 to June 2019

Questionnaire for the United Nations system

Background

Since 2007, UNDAF stands as United Nations multiform assistance to the Government of the Republic of Mozambique national development agenda. UN Comparative Advantage (CA), based on intellectual leadership on development and long term country-level experience, through International Development Cooperation (IDC), may provide International Technical Assistance (ITA) on Mozambique's National Capacity Building (NCB) on the context of its national development agenda.

Introduction

The inputs collected through this questionnaire is for exclusive use on the academic research related to (UNDAF) 2017-2020 MSMEs capacity building in Mozambique, from January 2017 to June 2019. For the research, the Capacity Building (CB) is conceived as activities carried out for generate knowledge, skills and expertise for improve thinking ability oriented to productivity and sustenance¹⁹⁹. The research general objective is to study on going actions related to UNDAF 2017-2020

¹⁹⁹ Nell; W and Napier; R (2006) *strategic approach of farming success*. Bloemfontein. University of Free State. South Africa.

contribution on MSMEs capacity building in Mozambique. Through the Questionnaire, the research pretends to infer UNDAF 2017-2020 MSMEs capacity building key actors, specific action on going, challenges and lessons. Therefore, the answers will not be subject of wright or wrong classification.

For each interviewee is asked to respond their answers on a scale from one (1) to five (5)- for determine level of knowledge (1 no specific knowledge to 5 have Knowledge); Agree with the statement (1 strongly disagree to 5 strongly agree) and the level of satisfaction (1 not satisfied to 5 very satisfied) associated to open questions.

Section A: General questions

Name					
Position					
Agency					
Number of years in the post working on UNDAF					
Responsibility (ies) within UNDAF 2017-2020 (please sign one or those related to you)	(i) Formulation (Yes)/ (No) (ii) Implementation (Yes)/ (no) (iii) Monitory and Evaluation (Yes)/ (No) (iv) Resource Mobilization and Fund Raising (Yes)/ (No) (v) Partnership (Yes)/ (No) (vi) Coordination (Yes)/ (No)				
	No specific Knowledge		Reasonable	Knowledge of Objectives and proposed results	
	1	2	3	4	5
What is your level of UNDAF's Knowledge?					

1. Is the current UNDAF result-oriented and linked with Government development plan and strategies?					
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1.1. Please provide brief explanation from your answer.

1.2. The proposed outcomes are aligned with the UNDAF timeframe and resources?

	Strongly disagree		Indifferent	Strongly agree	
	1	2	3	4	5
2. The UNDAF's Steering Committee is operational?					

2.1. Please provide brief explanation from your answer

	Strongly disagree		Indifferent	Strongly agree	
	1	2	3	4	5
3. The UNDAF's Monitory and Evaluation Team is full operational?					

3.1. Please provide brief explanation from your answer

	Strongly disagree		Indifferent	Strongly agree	
	1	2	3	4	5
4. The UNDAF's outputs are clearly linked to the outcomes?					

4.1. Please provide brief explanation from your answer

	Strongly disagree		Indifferent	Strongly agree	
	1	2	3	4	5
5. The UNDAF's outputs indicators are clearly linked to the outcomes indicators?					

5.1. Please provide brief explanation from your answer

	Not satisfied		Indifferent	Very satisfied	
	1	2	3	4	5
6. Is the distribution of roles and responsibilities among UNDAF stakeholders well defined and practical to achievement of proposed results?					

6.1. Please provide brief explanation from your answer

	Not satisfied		Indifferent	Very satisfied	
	1	2	3	4	5
7. Is UNDAF contributing to capacity building and ownership from national partners?					

7.1. Please provide brief explanation from your answer

	Not satisfied		Indifferent	Very satisfied	
	1	2	3	4	5
8. Is UNDAF contributing to achievement of efficient synergies within the UN system toward national country capacity building?					

8.1. Please provide brief explanation from your answer

	Not satisfied		Indifferent	Very satisfied	
	1	2	3	4	5
9. Is UNDAF contributing to capacity building and ownership from national partners?					

- 9.1. To what extent and in what ways the national partner's capacities have been enhanced (in terms of technical capacities; Financial independence and exercise of rights)
- 9.2. Under UNDAF there are UN agencies joint programs? Please provide brief explanation.
- 9.3. In which extension the joint programs would be more effective?
- 9.4. What are the challenges that the joint programs face?

10. What are the UNDAF 2017-2020 national key partners? (governmental institutions, private sector, civil society, international organizations or international donors)

11. To what extent the UN system comparative advantage are utilized in the national context for country's capacity building (the advantages includes UN universality, neutrality, voluntarism, grant-nature of contribution, multilateralism and specific mandates from specialized agencies)?

12. Is the UN system using effectively the organization comparative advantage? In what extent they are been capitalized?

	Not satisfied		Indifferent	Very satisfied	
	1	2	3	4	5
13. In which rate you is the United Nations contribution on implementation of your mandate?					

14. What is expected role of the United Nations?

	Strongly disagree		Indifferent	Strongly agree	
	1	2	3	4	5
15. The United Nations project and program that involve partner's institutions are sustainable ?					

16. What is the general evaluation from UNDAF 2017-2020 mid-term implementation cycle?

Section B: Specific questions on UNDAF 2017-2020 MSMEs capacity building

(is related to output 2.2. –Public and private sector enabled to enhance business environment, competitiveness and employment, which is part of the outcome 2 from Prosperity Result Area)

	No specific Knowledge		Reasonable	Knowledge of objectives and results aligned with Government development plan and strategies	
	1	2	3	4	5
14. What is your level of UNDAF 2017-2020 MSMSEs					

capacity building knowledge ?					
15. Is the current UNDAF MSMSEs capacity building result – oriented and linked with Government development plan and strategies for MSMSEs?					

15.1. Please provide brief explanation from your answer.

15.2. The UNDAF MSMSEs capacity building proposed outcomes are aligned with the UNDAF timeframe and resources?

16. How UNDAF 2017-2020 does conceive/ addresses MSMSEs capacity building in Mozambique? (Please provide institutional vision regarding MSMSEs capacity building)

	Not satisfied		Indifferent	Very satisfied	
	1	2	3	4	5
17. Is UNDAF 2017-2020 contributing on MSMEs capacity building?					

17.1. Please provide brief explanation from your answer (present some remarkable cases)

	Strongly disagree		Indifferent	Strongly agree	
	1	2	3	4	5
18. Is UNDAF 2017-2020 multiple stakeholders contributing on MSMEs sustainability?					

18.1. Please provide brief explanation from your answer (present some remarkable cases)

19. What are UNDAF 2017-2020 key stakeholders on MSMEs capacity building? (governmental institutions, private sector, civil society, international organizations or international donors)

19.1. Please provide brief explanation from your answer (present some remarkable cases)

20. What are the UNDAF 2017-2020 key actions and activities on MSMEs capacity building? (Please provide brief reference related to (i) the stakeholder institutions; (ii) Nature of on-going activities; (iii) Places/time of implementation; (iv) Global costs/Budget; (v) Number of beneficiaries; (vi) Sustainability on the context of UNDAF and (vii) relevant achievements on the context of UNDAF)

21. What are the UNDAF 2017-2020 challenges from the actions and activities on MSMEs capacity building? (Please provide brief reference related to (i) The project or program formulation; (ii) Project or program implementation; (iii) Project or program monitoring and

evaluation; (iv) Project or program resource mobilization and fund raising; (v) Project or program partnership; (vi) Project or program coordination) and (viii) others challenges from MSMEs capacity building under UNDAF 2017-2020.

22. What are the UNDAF 2017-2020 lessons on MSMEs capacity building? (Please provide brief reference related to (i) the stakeholder institutions; (ii) Nature on going activities; (iii) Places/time of implementation; (iv) Global costs/Budget; (v) Number of beneficiaries; (vi) Sustainability on the context of UNDAF; (vii) relevant achievements on the context of UNDAF) and (viii) others lessons from MSMEs capacity building under UNDAF 2017-2020.

23. In what extent the UNDAF 2017-2020 MSMEs capacity building continues the UNDAF 2012-2016? (Please provide brief explanation related to continuity on MSMEs capacity building from 2012 to June 2019)

24. In what extent the UNDAF 2017-2020 is contributing on MSMEs capacity building for capitalize opportunities on extractive industry? (on the context of country's local content)

Appendix 2

Pesquisa

Tópico: Contributo do Quadro das Nações Unidas para Assistência ao Desenvolvimento (UNDAF)²⁰⁰ 2017-2020 na *capacity building*²⁰¹ de Micro, Pequenas e Médias Empresas (MPMEs) em Moçambique.

Delimitação: Janeiro de 2017 à Junho de 2019

Questionário para o Sector Público e parceiros

Background

Desde 2007, o UNDAF constitui a assistência multiforme das Nações Unidas à agenda nacional de desenvolvimento do Governo da República de Moçambique. As Vantagens Comparativas (CA) das Nações Unidas, baseada na liderança intelectual no desenvolvimento e experiência de longo prazo em nível do país, por meio da Cooperação Internacional para o Desenvolvimento (IDC), pode fornecer Assistência Técnica Internacional (ITA) na *Capacity Building* Nacional (NCB) de Moçambique no contexto de sua agenda nacional de desenvolvimento.

Introdução

As contribuições a colectar através deste questionário são para o uso exclusivo na pesquisa académica relacionada ao contributo do UNDAF 2017-2020 na *capacity building* de MPMEs em Moçambique, de Janeiro de 2017 à Junho de 2019. Para a pesquisa, a *Capacity Building* (CB) é concebida como actividades realizadas para gerar conhecimento, habilidades e experiências para melhorar a capacidade de pensamento

²⁰⁰ United Nations Development Assistance Framework.

²⁰¹ Capacitação institucional (ou simplesmente capacitação).

orientada para a produtividade e o sustentabilidade²⁰². O objectivo geral da pesquisa é estudar as acções em curso relacionadas ao contributo do UNDAF 2017-2020 no *capacity building* de MPMEs em Moçambique. Por meio do questionário, a pesquisa pretende inferir os actores chaves no contributo do UNDAF 2017-2020 no *capacity building* de MPMEs, acções específicas em curso, desafios e lições. Portanto, as respostas não serão sujeitas a classificação correcta ou errada.

A cada entrevistado é solicitado que responda as respectivas respostas numa escala de 1 (um) à 5 (cinco) - para determinar o nível de conhecimento (1 nenhum conhecimento e 5 tem Conhecimento); Concorda com a afirmação (1 discorda totalmente e 5 concorda totalmente) e o nível de satisfação (1 não satisfeito e 5 muito satisfeito) associado a perguntas abertas.

Secção A: Questões Gerais

Nome			
Função			
Instituição			
Número de anos na função trabalhando com o UNDAF			
Responsabilidade (s) no UNDAF 2017-2020 (assine uma ou aquelas relacionadas a responsabilidade)	(vii) Formulação (Sim)/ (Não) (viii) Implementação (Sim)/ (Não) (ix) Monitoria e Avaliação (Sim)/ (Não) (x) Mobilização de Recursos ou <i>Fund Raising</i> (Sim)/ (Não) (xi) Parcerias (Sim)/ (Não) (xii) Coordenação (Sim)/ (Não)		
	Sem Conhecimento específico	Razoável	Conhecimento dos Objectivos e resultados propostos

²⁰² Nell; W and Napier; R (2006) *strategic approach of farming success*. Bloemfontein. University of Free State. South Africa.

	1	2	3	4	5
Qual é o seu nível de conhecimento do UNDAF?					
1. O presente UNDAF é orientado a resultados e está alinhado aos planos e estratégias de desenvolvimento do Governo?					

1.3. Favor forneça uma breve explicação sobre a vossa resposta.

1.4. Os resultados propostos (*outcomes*) estão alinhados com duração da implementação e os recursos para o UNDAF?

	Discorda totalmente		Indiferente	Concorda totalmente	
	1	2	3	4	5
2. O Comité Diretor (<i>Steering Committee</i>) do UNDAF está totalmente operacional?					

2.2. Favor forneça uma breve explicação sobre a vossa resposta.

	Discorda totalmente		Indiferente	Concorda totalmente	
	1	2	3	4	5
3. A equipe de monitoria e avaliação do					

UNDAF está totalmente operacional?					
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3.2. Favor forneça uma breve explicação sobre a vossa resposta.

	Discorda totalmente		Indiferente	Concorda totalmente	
	1	2	3	4	5
4. O produto (<i>outputs</i>) do UNDAF estão claramente ligados aos resultados (<i>outcomes</i>)?					

4.2. Favor forneça uma breve explicação sobre a vossa resposta.

	Discorda totalmente		Indiferente	Concorda totalmente	
	1	2	3	4	5
5. Os indicadores do produto (<i>outputs</i>) do UNDAF estão claramente ligados aos indicadores dos resultados (<i>outcomes</i>)?					

5.2. Favor forneça uma breve explicação sobre a vossa resposta.

	Não satisfeito		Indiferente	Muito satisfeito	
	1	2	3	4	5
6. A distribuição de papéis e responsabilidades entre as participantes (<i>stakeholders</i>) do UNDAF está bem definida e é prático para alcançar os resultados propostos?					

6.2. Favor forneça uma breve explicação sobre a vossa resposta.

	Não satisfeito		Indiferente	Muito satisfeito	
	1	2	3	4	5
7. O UNDAF está contribuindo para a capacitação (<i>capacity building</i>) e apropriação (<i>ownership</i>) dos parceiros nacionais?					

7.2. Favor forneça uma breve explicação sobre a vossa resposta.

	Não satisfeito		Indiferente	Muito satisfeito	
	1	2	3	4	5
8. O UNDAF está contribuindo para o alcance de sinergias eficientes dentro do sistema das Nações Unidas em direção à capacitação nacional do país (<i>National Country Capacity Building</i>)?					

8.2. Favor forneça uma breve explicação sobre a vossa resposta.

	Não satisfeito		Indiferente	Muito satisfeito	
	1	2	3	4	5
9. O UNDAF está contribuindo para a capacitação (<i>capacity building</i>) e apropriação (<i>ownership</i>) de parceiros nacionais?					

- 16.1. Até que ponto e de que maneira as capacidades do parceiro nacional foram aprimoradas (em termos de capacidades técnicas; independência financeira e exercício de direitos)
- 16.2. Há programas conjuntos das Agências das Nações no âmbito do UNDAF? Favor forneça uma breve explicação sobre a vossa resposta.
- 16.3. Em que extensão os programas conjuntos têm sido mais efetivos?
- 16.4. Quais são os desafios dos programas conjuntos?
17. Quais são os principais parceiros do UNDAF 2017-2020? (instituições governamentais, sector privado, sociedade civil, organizações internacionais ou doadores internacionais)
18. Até que ponto as vantagens comparativas do sistema das Nações Unidas são usadas no contexto da capacitação nacional do país-*country's capacity building*? (as vantagens comparativas, incluem a universalidade das Nações Unidas, neutralidade, voluntarismo, natureza concecional da contribuição, multilateralismo e mandatos específicos de agências especializadas)
19. O sistema da Nações Unidas está usando efetivamente as vantagens comparativas da organização? Em que medida eles são capitalizadas?

	Não satisfeito		Indiferente	Muito satisfeito	
	1	2	3	4	5
20. Em que nível coloca a contribuição da Nações Unidas para a implementação de seu mandato?					

21. Qual é o papel esperado das Nações Unidas?

	Discorda totalmente		Indiferente	Concorda totalmente	
	1	2	3	4	5
22. O projeto ou programa das Nações Unidas que envolvem sua instituição são sustentáveis?					
22.1. Os projetos ou programas poderão continuar sem o apoio das Nações Unidas?					

23. Qual é a avaliação geral do ciclo de implementação intermediário do UNDAF 2017-2020 (Janeiro 2017-Junho 2019)?

Secção B: Perguntas específicas sobre o Contributo do UNDAF 2017-2020 na *capacity building* de MPMEs em Moçambique

(Está relacionado ao produto (*output*) 2.2. - Sector público e privado habilitados para aprimorar o ambiente de negócios, a competitividade e o emprego, que fazem parte do resultado (*outcome*) 2 da Área de Resultados Prosperidade

	Sem Conhecimento específico		Razoável	Conhecimento dos Objectivos e resultados alinhados com os planos e estratégias Governamental para as MPMEs	
	1	2	3	4	5
15. Qual é o seu nível de conhecimento do contributo do UNDAF 2017-2020 na <i>capacity building</i> para MPMEs?					
25. O presente contributo do UNDAF 2017-2020 na <i>capacity building</i> para MPMEs está orientado a resultados e alinhado planos e estratégias de desenvolvimento Governamental para MPMEs?					

25.1. Favor forneça uma breve explicação sobre a vossa resposta.

25.2. Os resultados (*outcomes*) do contributo do UNDAF 2017-2020 na *capacity building* para MPMEs estão alinhados com a duração de execução e recursos do UNDAF?

26. Como o UNDAF 2017-2020 concebe / aborda a *capacity building* para MPMEs em Moçambique? (Forneça uma visão institucional sobre a *capacity building* para MPMEs)

	Não satisfeito		Indiferente	Muito satisfeito	
	1	2	3	4	5
27. O UNDAF 2017-2020 está contribuindo na <i>capacity building</i> das MPMEs?					

28. Favor forneça uma breve explicação sobre a vossa resposta (apresente alguns casos de sucesso)

	Discorda totalmente		Indiferente	Concorda totalmente	
	1	2	3	4	5
29. O UNDAF 2017-2020 está contribuindo na sustentabilidade das MPMEs?					

29.1. Favor forneça uma breve explicação sobre a vossa resposta (apresente alguns casos de sucesso)

24. Quais são os principais parceiros do UNDAF 2017-2020 na *capacity building* das MPMEs? (instituições governamentais, sector privado, sociedade civil, organizações internacionais ou doadores internacionais)
- 29.2. Favor forneça uma breve explicação sobre a vossa resposta (apresente alguns casos de sucesso)
30. Quais são as principais acções e atividades do UNDAF 2017-2020 na *capacity building* das MPMEs? (Forneça uma breve referência relacionada a (i) instituições participantes; (ii) Natureza das atividades em curso; (iii) locais / duração da implementação; (iv) Custos / Orçamento globais; (v) Número de beneficiários; (vi) Sustentabilidade no contexto do UNDAF e (vii) Realizações relevantes no contexto do UNDAF)
31. Quais são os principais desafios do UNDAF 2017-2020 na *capacity building* das MPMEs?
(Forneça uma breve referência relacionada a (i) formulação do projeto ou programa; (ii) implementação do projeto ou programa; (iii) monitoria e avaliação do projeto ou programa; (iv) Mobilização de recursos e captação de recursos do projeto ou programa; (v) Parceria do projeto ou do programa; (vi) Coordenação de projeto ou programa) e (viii) Outros desafios da capacitação das MPMEs no âmbito do UNDAF 2017-2020.
32. Quais são as principais lições do UNDAF 2017-2020 na *capacity building* das MPMEs?
(Forneça uma breve referência relacionada a (i) instituições participantes; (ii) Natureza das atividades em curso; (iii) Locais / Duração da implementação; (iv) Custos / Orçamento globais; (v) Número de beneficiários; (vi) Sustentabilidade (vii) Realizações relevantes no contexto do UNDAF e (viii) outras lições na *capacity building* das MPMEs no âmbito do UNDAF 2017-2020.
33. Em que medida a *capacity building* das MPMEs no âmbito do UNDAF 2017-2020 dão continuidade ao UNDAF 2012-2016? (Forneça uma breve explicação relacionada à continuidade a *capacity building* das MPMEs de 2012 a junho de 2019)
34. Em que medida o UNDAF 2017-2020 está contribuindo na *capacity building* das MPMEs para capitalizar as oportunidades na indústria extrativa? (no contexto do conteúdo local do país)

추 상

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핵심어 : 연합 국가, 모잠비크 정부, UN 개발 지원 프레임 워크, 소기업, 중소기업, 역량 구축, 비교 우위, 국가 역량, 변화 이론 및 포괄적 개발.

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