

MOZ/76/007

PROJECT WORKING DOCUMENT

MOZAMBIQUE

FORESTRY AND FOREST INDUSTRIES DEVELOPMENT

A SYSTEM ON FOREST SECTOR CONTROL AND STATISTICS

by

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## 1. INTRODUCTION

The need for a proper and well functioning control and statistics system within the Department of Forestry and Wildlife (DFFB) has been expressed on a number of occasions. Information is needed on a systematic basis to:

- monitor field activities and measure degree of plan implementation so as to design and implement appropriate corrective measures
- build up a data base for future planning and analysis

The level of specification needed at different operational and planning levels evidently differ depending on the exact objectives and duties of the organizational entity. However, it is important that the demands of the State Apparatus are consistent and permit projects and State Enterprises to complete the necessary forms with a minimum of effort and rather than be a burden be a help in establishing proper working routines.

At present the Departmental Planning Office (GPD) is involved in a number of operational activities, but it must be stressed that this is due to the general lack of personnel, lack of clearly defined duties etc. not because the GPD ideally should undertake operational duties. Therefore, the needs included here are only those related to the monitoring, control and planning activities of the Department.

DFFB is responsible for the development of the whole Forestry and Wildlife Sector including three State Enterprises (Mademo, Ifloma and Emofauna) and a total of at present 19 operational projects under direct responsibility of either DFFB or one of the Enterprises. The responsibilities are at present being redefined, but this will not interfere with the practicability of the proposals made here as DFFB is the center to which all information will be sent.

The following Sections will describe the present situation, discuss existing problems, outline a conceptual framework and define the proposals in addition to a number of preconditions to implementation of these.



## 2. EXISTING INSTRUCTIONS AND FLOWS OF INFORMATION

A number of instructions from central levels are in existence, and they are briefly summarized below in sections 2.1 to 2.5. Other available information is given in section 2.6 and 2.7 summarizes the situation from the Departmental point of view.

### 2.1 National System on Statistical Information

This system designed by the Statistical Section of the National Planning Commission (CNP) includes a number of forms and instructions for completing these covering different aspects of plan implementation (production, construction and investment, transport and communication etc.). Of specific interest to the forestry and wild-life sector is the section dealing with "Industry" (cf. Annex 1) which is completed regularly by Ifloma and irregularly by Mademo. However, no other information from the sector is submitted, and it can be noted that CNP has not included instructions for compiling information on reforestation projects.

### 2.2 Methodology on Control of Central Structures

This Methodology from 1981 was prepared by CNP and supplements the system under 2.1. The instructions are central to the control of the Annual Plan and as such also ought to be basic to the statistics system. The methodology after describing the general system and types of control defines a number of forms which in principle should be completed at the Ministry level and submitted to CNP either monthly, quarterly or annually. The introductory Chapter is concluded by stressing that independently of this system each governmental unit can and ought to establish an information system compatible with the needs at this level and defining indicators much more detailed.

The forms required by CNP and the regularity with which they should be submitted are indicated in Annex 2. However, it can be noted that so far the system has not been implemented in the Forestry Sector except as set out in section 2.3, below.

### 2.3 Methodology on Control of the Agrarian Production Plan

This Methodology being directly linked with the above instructions has been prepared by the Ministerial Planning Office (GPM) and specifies the forms which on monthly, quarterly, six monthly and yearly basis should be submitted as part of the control of the agrarian production plan. The forms should be submitted before the 15th of every month with information on the period ending in the proceeding month.

So far, only production and export statistics from Mademo have been submitted on a regular basis, but the GPD has not been included in this information system. The forms and the instructions are given in Annex 3.

## 2.4 Investment Control

The control of investment projects has been introduced on a quarterly and six-monthly basis by the GPM. The Methodology is clearly explained in Annex 4 and is the same for quarterly and six-months reports except that forms are only to be completed on a six-monthly basis.

## 2.5 Control of MONAP Projects

MONAP requires quarterly and six-monthly reports at present. The reports are to deal with different aspects of work programme, finances, production factors etc. The instructions are given in Annex 4; but it should be noted that MONAP as part of Government is keen on integrating in the overall control activities of the Ministry as soon as these are defined and to be implemented.

## 2.6 Other Information Available

### 2.6.1 Proposal on Information System by Kir (1980)

An analysis of the information system and proposals on its improvement have been formulated by Kir (1980). The following forms were suggested:

- Form 1: Monthly account of activities
- Form 2: Monthly equipment and machinery performance
- Form 3: Monthly production, sales and stocks
- Form 4: Monthly report on exportable items

Copies of the forms are included in Annex 6 and they are too complicated to be implemented at present.

### 2.6.2 Forms Defined in the Departemental Planning Office

Two forms (cf. Annex 7) have been elaborated in GPD:

- monthly production, sales and stocks
- forestry plantations

The forms were used in early 1981 in contacts between all the provinces and DFFB, but at present only the one on forestry plantation is in use.

### 2.6.3 Proposal on Internal Forms in Mademo

The basis for the information which Mademo forwards to GPM and the Ministry for External Commerce on production and exports is well established; but to increase the coverage to other fields of activity a system of information (Annex 8) is presently under discussion.

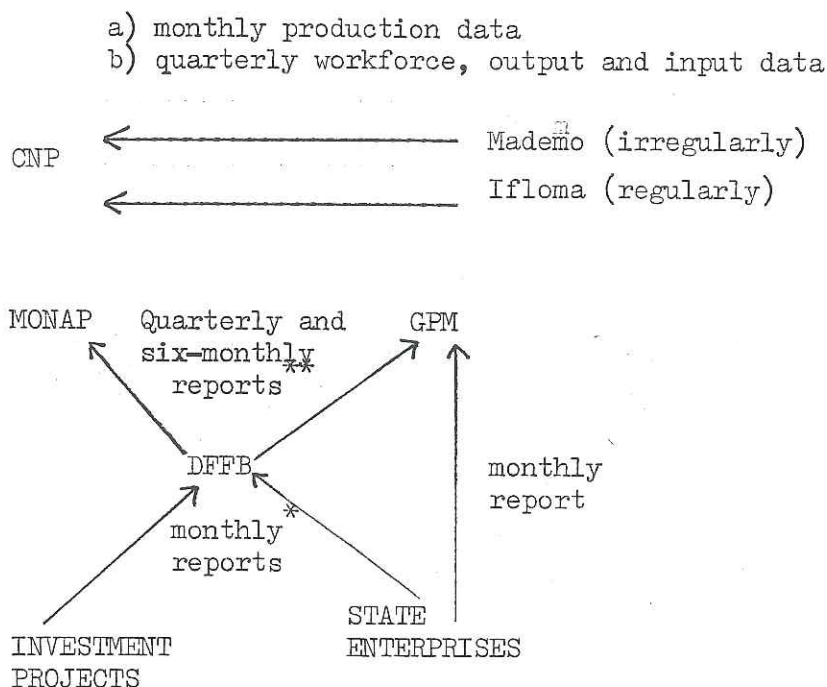
## 2.7 Summary

As it is clear from the above a large number of forms (cf. Annex 1-8) have been suggested, but only the forms on production of wood, exports and reforestation have been attempted implemented on a reasonably regular scale. Figure 1, below, gives a visual idea of the present system.



A final note of caution is needed. At the level of the GPM there are two forms of control. One section is dealing with control of investments i.e. projects and investments of the Enterprises, another with the State Enterprises. This dichotomy is not underlined in the existing Methodologies, but has important implications in the existing practices. Therefore, this fact must be clearly kept in mind.

Figure 1: Existing Information Flows



\* This system is only established for reforestation projects and information included varies due to lack of a clearly defined format.

\*\* These reports are prepared only for reforestation and MONAP funded projects in accordance with MONAP methodology (Annex 5).

### 3. ANALYSIS

It is clear from the above that a number of more or less easily comprehensible forms have been developed within the different areas covered by respectively annual and project planning such as production, reforestation or other targets, transport, external and internal trade, supplies, investments and construction and labour force. However, the forms have not been developed in a consistent manner for a clearly defined information system and have in general not been implemented. Therefore, much of the data generated for central levels only comes forward in big "splashy" type of

exercises carried out in a rushy way leaving ample room for errors and deliberate misinformation.

The above leads to two questions: (1) what is needed and (2) what is practically possible to implement. It is quite clear that in Mozambique the latter constraint is a very serious one. However, it is suggested here that advances in defining needs clearly and asking for the information in a simple, easily comprehensible way will help tremendously to relieve the problem of implementation. This statement may seem evident, but the consequence is seldom drawn as evidenced by the fact that f.i. project documents are often written in a vague manner, making it at best very difficult to ascertain whether objectives have been met, activities carried out and targets met.

Therefore, it seems relevant to suggest and explain a conceptual framework for the proposal on control and statistics system to be proposed in the following section. As a starting point it is useful to look at the different elements of a project document.

Two types of objectives can be defined:

Development Objective: Government's ultimate aim to which the project contributes but which is beyond direct reach of the project

Immediate Objective: A specific aim which is intended to be achieved by the project itself

To meet the immediate objective the project must produce a number of outputs. This is done by carrying out some activities with the inputs provided. That is:

Outputs: Effects or results of project activities which contribute to the achievement of immediate objectives

Activities: Substantive tasks carried out by the project there by transforming inputs into outputs

Inputs: Resources necessary to carry out project activities (these resources may be personnel, financial etc.)

The basic idea behind this description can without difficulty be said to cover the existing three State Enterprises which also get inputs to carry out activities, which produce outputs to realize immediate objectives thereby supporting the overall development of the sector.

That is, when planning a project or the annual plan of an Enterprise the logical links between the above elements should be analyzed and assumptions specified. However, to fully grasp the project or plan of an enterprise indicators must be specified. An indicator is an amount or criteria about a project element explaining what is involved or to be achieved in given amounts by a given time. The indicator is therefore a means of measuring progress towards a target which is a statement of final planned result. It is these indicators which



in the implementation phase must be measured to tell what the progress is.

Having selected indicators (which should be quantitative or at least unambiguous qualitative statements) a mean of verifying whether the target expressed by the indicator has been met has to be found. That is, a means of verification is the data or evidence required to ascertain whether the indicator for successful implementation is in the process of being met.

Different projects or enterprises do not have the same characteristics (i.e. development objectives, immediate objectives, outputs, activities and inputs), and it is therefore difficult a priori to establish indicators and means of verification in general. However, two generalizations on inputs and activities can be made.

- Inputs should be indicated in a budget and the delivery schedule and delivery reports are the means of verification
- Activities should be indicated in a work programme and implementation reports are the means of verification.

As regards indicators and means of verification for outputs, immediate and development objectives the situation is not so straight forward. However, to facilitate the overview it can be noted that the following seven functional types of projects can be distinguished: institution building, direct support (including investments, technical studies, advice and documents, preparation of development strategies or plans etc.), direct training, experiments and research, pilot projects, special support and relief projects.

In addition to these types of projects the different types of State Enterprises have to be considered.

All projects in addition to defining the different project elements must include an analysis of the links between them. With the inputs defined is it possible to carry out the activities foreseen, will these in turn produce the outputs wanted etc. These relationships are not always taken into account and specified clearly but in addition it must be noted that they are not necessarily fixed. An input/output relationship is an example of a relatively fixed, although not necessarily known, relationship, but f.i. a price may change rapidly due to changes in external conditions. That is, all projects or plans rely on assumptions and it is an important part of control and monitoring to follow whether these are realistic and/or change.

However, the purpose of a statistical system is not only to measure progress of the programme but also to collect data for future planning, and this is to a large extent the reason for defining the framework in the above described way. If this pattern is strictly followed in collecting information it will be easier to solve typical data needs as input/output relations (and their stability), alter-

native use of inputs, conversion factors etc. (cf. Annex 9).

Hopefully, the above illustrates the conceptual framework proposed. However, in seeking indicators thought must be given to the source and availability of the data necessary to verify them. Ideally, the nature and reliability of the data should be taken into account at the project or plan design or formulation stage and agreement should be reached among the parties as to which data are acceptable and objectively verifiable.

A final observation can be made. The above discussion is theoretical and the concepts discussed may appear scarring to those acquainted with the Mozambican reality with so many basic data missing, communication problems etc. Yet, it is a politically defined requirement to implement central planning implying that a system must be established. The initial appearance of the system to be used in practice does not, however, need to be complicated and it is a basic theme that if just the overall model is right refinements can always take place later on. In accordance with this the proposals to be made are simple.

#### 4. PROPOSED CONTROL AND STATISTICS SYSTEM

In view of the existing structure in the Ministry the following will distinguish between:

1. Control of development projects
2. Control of investments by State Enterprises
3. Control of three State Enterprises

It is further suggested to leave analysis of the relationship between outputs and immediate objectives and further the latter's relationship with the development objective to central levels (i.e. the Department, Ministry and CNP). That is, the basic areas to be reported on are:

1. Inputs
2. Activities
3. Outputs

This reporting must then in addition include

- reasons for not realizing the outputs planned
- proposals to solve these problems
- responsibility for carrying out these proposals

Finally, the physical and financial controls are proposed to be treated separately.







B. Activities

The activities should be indicated clearly and briefly. The project document should in principle already have these, but it is necessary to limit the number to f.i. up to 10 central ones. The form to be used should be:

c) Activities		Project No	Date
Planned in Quarter	Implemented in Quarter	Planned for Next Quarter	Comment

"Planned in Quarter" is to be completed in GPD whereas other groups must be completed by the project. "Comment" should indicate problems in relation to the plans for the next quarter.

C. Outputs

Outputs ought to be defined in the project document and must be indicated briefly and clearly. The number to be reported on should be limited to f.i. 10 central ones. The form should be:

d) Outputs		Project No	Date
Annual Targets	Realized 1/ /82	Realized during Quarter	Comment

"Annual Targets" and "Realized 1/ /82" should be completed by GPD but "Realized during Quarter" should be completed by the project. Comments should indicate existing targets for next quarter.

Finally, a brief (max. 1 page) report should be prepared giving

- reasons for low degree of realization of targets
- proposals to solve these problems
- responsibility for implementing proposals



C. Control of Foreign Currency

The control of expenditures and commitments in foreign currency is much more complicated due to the many different sources of funding and the complexity of responsibility for spending. To properly understand the system it is necessary to distinguish between two types of funding:

I: Foreign currency which does not enter Mozambique (i.e. does not have countervalue and does not enter the investment budget). This type of money has the following origins:

- UNDP
- Switzerland
- MONAP

II: Foreign currency which enters Mozambique and appears in the accounts of Banco de Mozambique (BM) (i.e. currency which has a countervalue and enters the Government's budget under investments). This type of money can have the following origins:

- Mozambique
- grants from other countries or organizations (MONAP, WFP)
- government loans (Kuwait Fund, Bulgaria, Czechoslovakia)
- bank credits (Brazil, Italy)

The first type of information needed is information on expenditures, and the following form should be used:

g. Expenditures in Foreign Currency Project No Date  
1/ /82 to 1/ /82

Contos Ca- tegrory	Annual Appro- ved	Spent Until 1/ /82	Spent During Quarter	Comment
Construction				
Equipment				
- heavy				
- other				
Studies & Projects				
Others				
- Salaries				
- Travel costs				
- Products & Materials not inventoried				
- Others				

As regards "Annual Approval" and "Spent Until 1/ /82 DFFB should provide it on the basis of earlier documents and information.



As regards group I (currency outside the country) responsibility for informing about expenditures would be:

- UNDP, the project
- Switzerland, the project
- MONAP, MONAP Coordinating Office

As regards group II it is only the GPM which knows what has actually been spent as payments are centralized. DFFB therefore has to contact GPM for this type of information.

However, the above system would not provide information on commitments (i.e. equipment ordered etc.) which is important when analyzing progress and constraints of the project. There is no easy way to solve the problem of collecting this information due to a variety of responsibility centers.

As regards group I the responsibility could be as above and inserting committed instead of spent in form g. That is:

h. Commitments in Foreign Currency 1/ /82 to 1/ /82		Project No	Date	
Contos Ca- te- gory	Annual Appro- val	Committed Until 1/ /82	Committed During Quarter	Comment
Construction				
Equipment				
- heavy				
- other				
Studies and Projects				
Others				
- Salaries				
- Travel Costs				
- Products and Materials not inventoried				
- others				

As regards group II MONAP can provide data on projects under its funding, and for heavy equipment GPM is able to provide the information. However, in relation to the other origins of financing (Mozambique, government loans and bank credits) the situation will have to be discussed on a case by case basis. The analysis of this subject is very complicated and needs to be undertaken jointly by DFFB and GPM. It can be noted that GPM already is in the process of initiating an analysis. Therefore, DFFB should establish a system for

heavy equipment and MONAP projects using form h, whereas the other questions must be referred to a working group with participants from GPM and DFFB.

It must, in relation to all this, be strongly recommended that projects keep records of expenditures when a system of informing them is established as planned by GPM. Furthermore, all projects must keep track of requests for purchases in foreign currency so as to establish an idea of which commitments are in the process of being made and which balance is left to be used.

#### 4.1.3 Summary

The proposal presented here includes 8 forms (a to h) which should be completed at the end of each quarter, and forwarded to DFFB before the 15th of the following month.

It can be noted that forms a to f are the joint responsibility of DFFB and the projects whereas forms g and h should be based on centrally available information (DFFB and GPM including MONAP), except for UNDP and Swiss assistance where the projects are the only possible source of information.

Finally, projects must keep records of requests made for purchases in foreign currency, and keep a record of payments made when this information is available from GPM.

#### 4.2 Investments made by State Enterprises

The format to be followed should be exactly similar to the one described in section 4.1. That is, the Enterprise would complete forms a to f in cooperation with DFFB for each project, whereas forms g and h are to be completed centrally, although the Enterprise should keep a record of available information.

#### 4.3 Control of State Enterprises

The control of State Enterprises must be monthly as stipulated by CNP. That is, forms should be completed by the Enterprise, covering a particular month and submitted to DFFB before the 15th of the following month.

The most complicated case is that of Mademo, but the following requirements which refer specifically to Mademo can easily be adjusted to the special cases of Ifloma and Emofauna.

A monthly report including forms on the following areas should be submitted:

1. Production of final products for export and internal consumption in m<sup>3</sup>, with specification on:

- province
- product
- sector

note: a system for collecting information on raw material used should be established soonest.

2. Exports, with specification on:

- province
- product
- exporter

3. Stocks for export in value and m<sup>3</sup>, with specification on:

- province
- product

note: a system for collecting information on stocks for internal consumption should be established soonest.

4. Workforce, specifying per province and category

- number of workers at the end of the month
- total salary costs in the month

note: a system for collecting more details on actual number of days worked should be established soonest.

5. Supply of Materials etc.

Information on materials bought during the month is needed. Three groups of products should be specified: a) materials included in forms AP-2 in the Annual Plan (petrol super and normal, fuel oil, diesel, asphalt, charcoal, iron round bars, wire, ammonium sulphate, superphosphates, NPK, cement), b) products of specific importance to the forestry industries (creosote, hi-bex, plastic, nets, glue etc.), and c) others in total.

Information given should include for group a and b quantity and value and for group c value. In addition it must be specified whether the material is bought locally or imported. That is, the information should follow the following general outline (one for local purchases and one for imports)

Material	Existing 1/ /82 Quantity Value	Entry in Month Quantity Value	Exit in Month Quantity Value	Comment
a. -				
-				
-				
b. -				
-				
-				
c. others	--	--	--	
Total		--	--	



It is quite clear that a system for providing all this information is not yet in existence. However, information available should be given, and a system to provide all must be established soonest.

6. Financial Situation

The Enterprise should as part of their monthly report include the the monthly financial situation. Systems are already being established, but the information should be made available to DFFB.

7. Other Information

Besides the forms inherent in point 1 to 6 the Enterprises should submit comments specifying:

- reasons for not realizing planned targets
- proposals to solve existing problems
- responsibility for carrying out these proposals

It must be stressed that these comments should be brief, to the point and action oriented.

5. IMPLEMENTATION AND FOLLOW-UP

A number of undertakings should be carried out as preconditions to the establishment of the above reporting system.

1. The filing system, in GPD must be strengthened in order to control the influx of information. The following subdivisions are suggested for each project or enterprise:
  - a. general correspondance
  - b. experts and consultants
  - c. project document, plan of operation, yearly plan and revisions
  - d. budget and finance
  - e. procurement
  - f. administration
  - g. monthly and quarterly reports
  - h. technical and general reports

In addition the following files must be kept functioning:

- a. general correspondance (outside Ministry)
- b. correspondance with Provincial Directorates of Agriculture
- c. General correspondance (inside Ministry)
- d. projects not yet assigned codes

Finally, the following files must be in existence with special emphasis on the Yearly Planning:

- a. Annual Plan
- b. Control of Annual Plan  
(summary tables prepared for transmittal to GPM or CNP, instructions, letters etc.)
- c. Norms for Annual Planning

It should be stressed that it must be clear from the files when a plan has actually been approved. At present there is confusion and it is not possible for a newcomer to find out what the actual situation is, as much information is verbal and never recorded. In relation to the plan for 1981 for example a number of cuts were never indicated in the files.

2. Discussions with each project and Enterprise must be carried out to establish more clearly activities and outputs and appropriate indicators which can be fitted into the overall proposal presented here. Further, the proposal may need modification as assurance that the system is practically possible must be obtained, Enterprise by Enterprise, project by project.
3. Discussions must be carried out with GPM to clarify remaining problems with the financial control. A workshop with FAO, SIDA and Ministry participation to be held in October 1981 will be an excellent opportunity to initiate this.
4. To properly carry out the functions outlined above the personnel side of GPD must be reinforced.
5. As it is the GPD that will function as link between projects and Enterprise on the one side and central levels on the other it is essential that a decision be taken that all information must be available to GPD.

In summary, the above 5 preconditions must be met to ensure the viability of the proposed system.

LIST OF ABBREVIATIONS

Banco de Moçambique	BM
Banco Popular de Desenvolvimento	BPD
Departemental Planning Office	GPD
Department of Forestry and Wildlife	DFFB
Ministerial Planning Office	GPM
Mozambique Nordic Agricultural Programme	MONAP
National Planning Commission	CNP



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