



Financing Mozambique



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Financing Mozambique

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CTA Foreword

The issue of cost and access to finance continues to constitute one of the principal constraints for the development and growth of Small and Medium Sized Enterprises (SMEs) in Mozambique. Small and Medium Sized Enterprises consider the interest rates of the Mozambican financial market to be extremely high and the process for the concession of finance too bureaucratic and complex.

In their tireless search for alternative solutions of finance, with the objective to develop the country based on the participation of the private sector, principally Small and Medium Sized Enterprises (SMEs), the Confederation of the Economic Associations of Mozambique (CTA), embraces this initiative of Swiss Capital Partners (SCP) and FINANTIA, private consulting companies and members of CTA's Finance Working Group. We welcome the interest of producing a study about financial products and 25 alternatives of finance, each with their own particularities, in the local and international markets, and which can be approached for activities in different sectors of the economy.

This study gives special attention to Small and Medium Sized Enterprises, which encounter more limitations in financing production, services, and all other activities that generate jobs, and consequently, contribute to the economic and social development of the country and the reduction of poverty.

Part of the problem of development finance lies with the determination to provide the Mozambican business community with the adequate funding that will allow them to strive while gradually enhancing their financial strength, an emerging community that hasn't yet had the opportunity to accumulate sufficient funds.

We hope that this study provides a solution for the many problems that are affecting the Mozambican business community in terms of financing their activities.

Salimo Abdula
President of CTA

GTZ Foreword

In Mozambique, the capital market as well as the banking sector are clearly lacking the required efficiency. Small and Medium Sized Enterprises (SMEs) encounter financial and other constraints which lead to the exclusion of SMEs from the capital markets. Furthermore, the level of interest rates is generally very high in Mozambique. This and future studies intend to improve the situation for SMEs in terms of providing access to information but also by creating transparency in the markets:

Lack of information and planning by companies

A general problem for entrepreneurs and companies is the lack of information related to local, national, and international markets. Many of the funding alternatives in the market, such as micro finance institutions, NGOs with funding programs in certain economic sectors and many others, are outside the reach and the ability of the individual entrepreneur.

Lack of negotiating power

As in all markets, small companies in comparison to large companies have less negotiating power with commercial banks, which can be due to smaller volumes and/or lack of access to information and other funding alternatives. Further, it has been confirmed that some SMEs cannot reinvest part of the dividends of their companies after financial year-end.

Inconsistencies in information

There are three kinds of inconsistencies in information that can create barriers to finance: 1) Information about the person receiving the loan (the character and habits of the entrepreneur/company); 2) Uncertainty about the behavior of the entrepreneur/company in respect to its activities and the application of funds; 3) Uncertainty about the use of specific omissions in investment contracts.

In general, the entrepreneur or company that is asking for capital knows more about these issues than a potential financier. The lack or the uncertainty of information about these situations implies additional financial costs. The generation of information or of guarantees to avoid these kinds of problems are complicated and costly, and again, cost relatively more for small companies, for these normally lack information in the market place (such as credible financial statements, audit reports). The average SME in Mozambique rarely is able to dispose: financial statements, business plans, and business strategies. And, many haven't established a reputation or a solid track record, and this issue does not only concern emerging SMEs or individual innovators.

This project seeks to demonstrate that greater transparency in the market and better coordination with sources of finance can significantly contribute to better access of credit in the market and in the reduction of transaction costs, thereby facilitating investments and increasing the number of small and medium sized companies.

Dr. Friedrich Kaufmann
Economist
Coordinator of the GTZ ASAP Program, Maputo

FINANTIA and SCP Preface

We at Swiss Capital Partners (SCP) and FINANTIA are pleased to present the first edition of “Financing Mozambique”, a manual on the available funding sources to the private sector in Mozambique. This publication is the first of its kind in the country, and we hope that it will not only lead to greater transparency in the finance sector but also help to facilitate more communication and cooperation between parties.

The ultimate objective of this manual is to bridge the gap between projects and available funds. We have done our best to include as many institutions as possible in this study, but acknowledge that some funding sources are missing. We hope to be able to include more institutions in an updated edition in the near future and encourage any institution that does not appear in this edition to participate in the next one.

Swiss Capital Partners and FINANTIA are both financial consulting companies that have extensive experience with the private sector in Mozambique. While we hope that this manual will increase transparency in the finance sector, we understand that knowing where and how to apply for funds can often be a daunting and intimidating task. Therefore we invite individuals and companies who are seeking funding for their projects to take advantage of our expertise. We are available for advice on drafting business plans and other financial documents, as well as approaching financial institutions with projects (please see annex for company profiles).

We would like to give special thanks to all the institutions who are a part of this manual. Without your patience and support this project would not have been possible. We would also like to extend our thanks to CTA, the Confederation of Business Associations of Mozambique, for their ongoing encouragement, as well as to Ms. Jallé Dafa and Mr. Jorge Proença for working with us on this study. Thanks also go to GTZ their financial contributions.

Maputo, March 2008

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Background Information: Context and the Works of Funding

Introduction

The present document intends to systematize often disperse and difficult to access information on the funding alternatives available to the private sector. The objective of this project is to facilitate the access of funding sources by entrepreneurs.

Projects that generate wealth, employment, and the widespread use of new technologies are absolutely essential to promote social development and bring Mozambique out of its endemic poverty.

The availability of funds in reasonable but competitive terms for private ventures is critical for the sustainable and balanced development of the country as a whole.

In terms of companies being able to take full advantage of their investment opportunities, the difficulty in accessing credit without compromising viability is often pointed out as one of the main constraint factors to the development of the private sector.

In an effort to promote the development of a healthy and competitive private sector, we present this study of the sources of funding available to the private sector and private-public initiatives in Mozambique.

By providing this information in a way companies can easily access we hope to contribute to the mitigation of such contingency.

Funding Sources

In addition to the commercial banks and sometimes using the banking system as a channel to obtain finance, there are a number of other funding sources available to the private sector. These funds are conceived and managed by development finance institutions, foundations, venture capital and private equity managers, amongst others.

Funding may be designed for specific economic sectors, geographic regions, or directed to promote specific development factors (such as exports, creation of markets, technical assistance, or a combination of these).

The funds available are formed in a number of different ways, ranging from equity/quasi equity funding (where a stake in the project is taken by the institution), to different types of loans at reasonable interest rates, interest free or grants.

Some finance may also be directed to contract technical assistance or specific components of an investment project, such as training or the purchase of equipment.

It is critical to understand that generally no single funding source will be sufficient to provide the total finance requirements of a project: a bundle of different sources will have to be found to fulfill a project's needs, including a portion of the capital provided by the promoter.

Some effort is required to identify the most appropriate funding source for each investment and to tailor make the approach to each institution in order to meet its requirements.

In addition to finding institutions that give the appropriate type of funding, companies must consider other factors as well. The funding institutions differentiate themselves by 5 factors: the focus, the drive, the funding criteria, the price (cost) of the funds, the process of funding.

Funding Institutions

Distinctive Factors	Commercial Banks	Development Finance Institutions	Venture Capital and Private Equity Funds	Foundations
Focus	Generalist	General but with sector approach	Usually focused (region and/or sector)	Usually focused (specific development factors)
Drive	Profit driven	Profit driven but development oriented	Profit driven occasionally development oriented	Usually not for profit, focused on development
Funding Criteria	Stringent funding criteria (financial)	Stringent funding criteria/some flexibility	Stringent funding criteria	More flexible (development)
Price	Currency Restrictions (usually local currency)	Usually foreign currency finance at market related rates (other services such as TA)	Expensive (risk mitigation through equity stakes)	Moderate pricing, usually in foreign currency
Due Diligence	Heavy Due Diligence process, but good turn around time	Heavy Due Diligence process, long negotiation process	Heavy Due Diligence process	Moderate Due Diligence process

Prerequisites

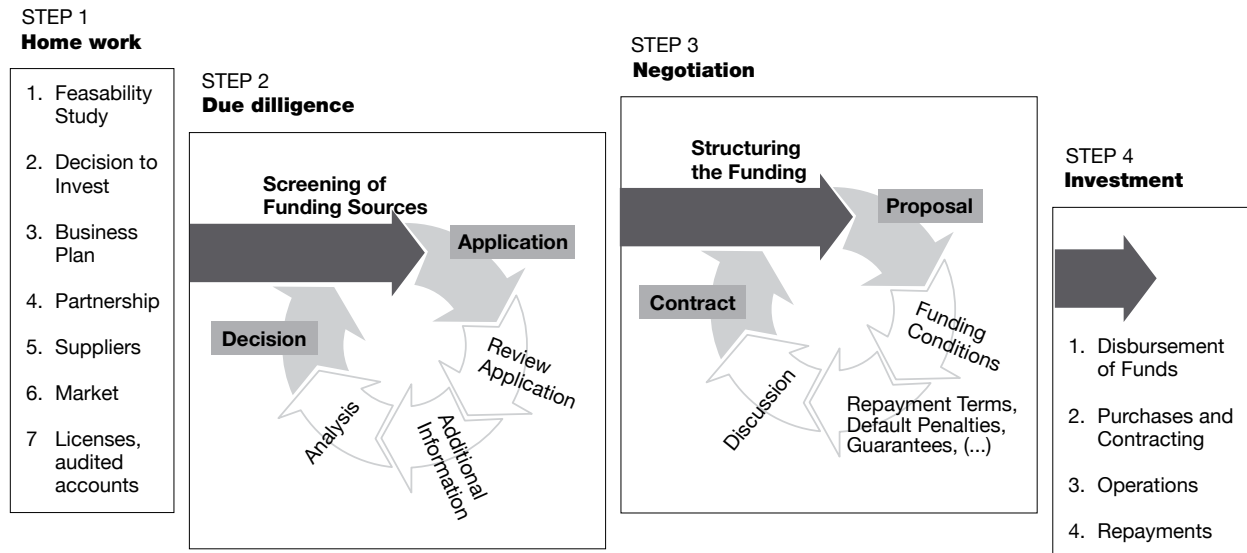
It is critical that entrepreneurs are aware that a number of prerequisites must be met in order to be able to apply for most finance.

In addition to specific prerequisites that each particular funding institution may request for their finance programs/products, the following prerequisites are generally demanded by these institutions:

- a well structured viability study which analyzes the concept, financials, market assessment, goals, constraints, and expectations of the project;
- the company promoting the project must prove its credit worthiness, preferably through audited financial statements and/or any other means that clearly show it has the capabilities to undertake the project it proposes to;
- the project promoter should normally provide evidence that he/she has a part of the total finance required to prove its commitment to the project;
- the documents sustaining the existence of a legal entity and all the licenses required to operate in Mozambique;
- most development finance institutions will also require a clear demonstration of the project's contribution to the sustainable development of Mozambique and its social benefits.

Funding Process

The Funding Process involves three main steps prior to funds being received and the investment taking place. It is a lengthy process, requiring a fair amount of work, processing significant volumes of information, and intensive interaction with the funding institution.



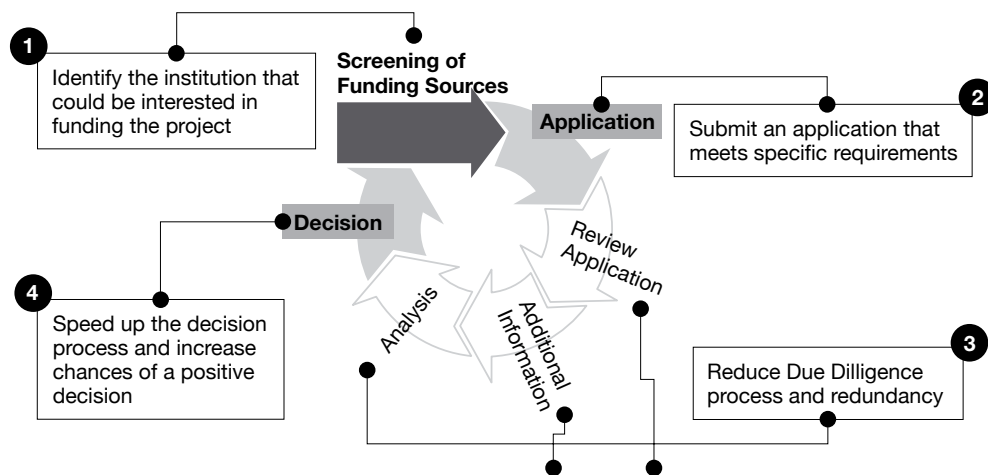
Doing the homework correctly is essential to ensure the best possibilities of getting the necessary funding at the most competitive conditions. The effort put and the quality of the application will largely determine the outcome of the whole process.

1. A decision to invest well grounded in a Feasibility Study (which assesses the potential & requirements of the investment) is far more convincing than a gut-feeling decision.
2. A thorough Business Plan that defines coherent steps for implementation and that analyzes all relevant variables determining the success of an investment – including its financials - is necessary for the planning of that investment. A well written business plan can also work as a decisive argument and persuade funding institutions to invest.
3. Evidence of compliance with the regulatory framework, in the form of licenses, audited accounts, reference letters or through any other means will be essential to win the confidence required for an institution to decide to commit resources.
4. The ability to demonstrate that the project promoter has what it takes to make a successful venture is absolutely essential to the success of the funding process.

Deciding on the most suitable institutions to approach and then submitting a proposal that meets its standards will prevent wasting time and resources, while shortening the period of time the institution will require in making a favorable decision. It is definitely the most effective way to secure funding.

Due Diligence

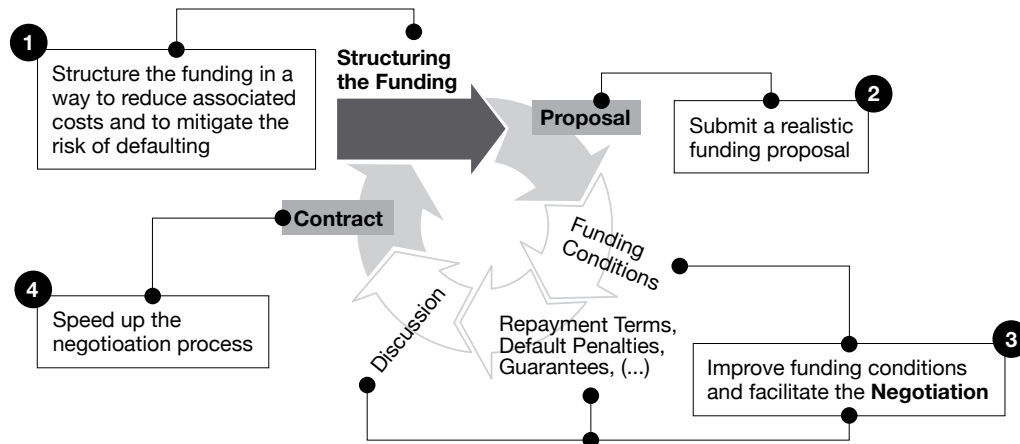
Due diligence



Structuring the funding correctly, consistent with the project requirements, will contribute to a smoother, faster negotiation process, and lead to more favorable funding terms.

Negotiation

Negotiation



**Funding Sources:
Description of Specific Products
and Funding Programs**

Commercial Banks

African Banking Corporation Mozambique, SA (ABC)

Background Info

Core Activities: Corporate banking. In the future ABC will include SME banking services, and retail banking.

Services Provided: Banking Services such as Corporate Banking, International Banking and Personal Banking.

Target Public: Companies, in future will include personal clients.

Funding

Funding products: cash advances; bridging finance; term loans; bills/invoice discounting; asset finance; working capital finance; documentary credits; import and export letter of credit; Project Finance; Treasury Services (domestic financial products; fixed deposits; call accounts; treasury bills and bonds; and foreign exchange products); Structured Finance (commodity financing; pre and post-shipment financing; invoice discounting; factoring)

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Lending rate based on the Central Bank FPC* rate. Pricing guide (as of 2006/2007): Maintenance fee of 2,5 USD/ Month (only for balance below 500 USD). Bank guarantee - established commission per quarter or part thereof (average) 0,5%-1,5%; letter of credit (average) 0,5%-2%; No penalization fee for early repayment.	Short term rather than long term (3-5 years). The average is up to one year.	Case by case. Maximum of one year.	Metical and USD (only USD following Central Bank rule that demands qualifying as exporter).	Minimum amount: Not restricted but higher than 5000 USD; 50 000 USD average; Maximum amount: End of 2007: 3,9 million dollars (25% of the value of the capital; following the Central Bank rule).

* Facilidade Permanente de Cedência (FPC), currently standing at 14.5%

To Apply

Eligible Projects/Applications: ABC funds projects in all sectors except the military sector.

Application Process: Contact the bank and fill a letter of credit request. Documents: Financial statements of the last 3 years when existent; company profile including history; products/costumers; business projections that show the company will repay the facility; management structure; qualifications of the managers.

Further information: www.africanbankingcorp.com

Banco ProCredit, SA

Background Info

Core Activities: The provision of formal credit to micro/small enterprises.

Services Provided: Deposit facilities, domestic and international payments, card services, small home improvement loans, e-banking, checking accounts (no minimum deposit requirement), saving products, agricultural loans, and money transfers through Western Union. Other services offered include bank guarantees, utility bill payment facilities, checks and domestic money transfers, and foreign currency exchange services.

Target Public: Households and enterprises that have not previously had access to formal credit or that would not be attractive clients for mainstream banks. ProCredit provides financing for small and micro businesses.

Funding

Products: loans for SMEs, housing renovation loans for private individuals, guarantees, and deposits.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Varies, depends on project.	Average is 60 months.	3 month grace period (only interest needs to be paid during this time).	Currency is in Meticals (no loans are granted in foreign currency).	Maximum amount: no more than 10.000 Euros.

To Apply

Eligible Projects/Applications: Applicants must be at least 21 years old.

Application Process/Required Documents: At least one year experience in finance activities. Documents: Identification card, financial documents, checking account statements, identification documents of all partners, etc.

Further information: Av. Zedequias Manganhela N°267, Prédio JAT 4, 6° andar / C.P.1636, Maputo (currently no website available)

Barclays Bank Moçambique, SA

Background Info

Core Activities: Commercial bank serving the corporate and commercial markets.

Services Provided: Full range of commercial banking services.

Target Public: Very broad, across the board including mass market, SMEs, and the affluent corporate community.

Funding

Barclays offers the full range of credit options, including loans and overdrafts.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
<p>Interest rate: FPC – Prime rate plus spread relating to risk (1% - 6%), risk adjusting pricing.</p> <p>Other costs: Standard tariff guide available; some costs subject to negotiation.</p>	<p>Maximum 7-8 years, with mortgages up to 20 years.</p>	<p>Capital holiday for up to 1 year depending on the project.</p>	<p>Metical; USD; GBP; Rands (subject to Exchange Control regulations).</p>	<p>Minimum amount: 1500 Meticias.</p> <p>No maximum amount.</p>

To Apply

Eligible Projects/Applications: Barclays is willing to consider all viable projects.

Application Process/Required Documents: Application with business plan, 3 years of accounts information, cash flow projections, stock, inventory, property evaluation (all documents necessary to make a credit assessment).

Additional Information: Previously Banco Austral, became Barclays at the end of 2007.

Further information: www.barclays.co.mz

BIM – Banco Internacional de Moçambique, SA (trading as Millennium bim)

Background Info

Core Activities: Commercial and investment banking.

Services Provided: Various credit services (financing to companies, individuals, leasing and factoring), deposits, foreign exchange services, foreign transfers through Western Union, banqueassurance (crossselling); cash management; intermediation in financial markets; internet banking, mobile banking, cards, bank guarantees, LCs, etc.

Target Public: Corporate banking, private banking, SMEs, state institutions, government organizations, non-profit organizations, retail market in general.

Funding

All types of credit products including loans, mortgages, and overdrafts.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
PLR (Prime Lending Rate) + spread (according to associated risk level)	Depends on product, from 6 months to 25 years (for home loans).	Negotiated on a case by case basis.	Meticais and foreign currencies (in compliance with Central Bank regulations).	Minimum Amount: 1.500 Meticais Maximum Amount: Depends on client's borrowing capacity.

To Apply

Eligible Projects/Applications: All sectors are welcome to apply, provided the project is feasible and there is an acceptable level of risk.

Application Process/Required Documents: Depends on the type of financing. There is a checklist of required documents for each kind of funding.

Further information: www.millenniumbim.co.mz

Banco Comercial e de Investimentos, SA (trading as “BCI Fomento”)

Background Info

Core Activities: Corporate and Retail Banking.

Services Provided: Various credit services (financing to companies, individuals and leasing), deposits, foreign exchange services, foreign transfers, cash management; intermediation in financial markets; eBanking, SMS-banking, cards, bank guarantees, Letter of Credits, etc.

Target Public: 1) Corporate banking targeting large, medium and Small Cap Companies; 2) Governmental and non-governmental institutions; 3) Private banking targeting affluent individuals; and 4) Retail banking.

Funding

Corporate/Government: Leasing, Investment loans, working capital, Guarantees, Letter of Credits, Invoice discounting, Cash advances, Bridge finance, Credit Cards, Overdrafts, etc.

Private/Retail: Housing Loans, Consumer loans, Credit Cards, Salary overdrafts, Car finance, etc.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
<p>Determined on a case by case basis; varies in function of:</p> <ul style="list-style-type: none"> a) perceived client/market risk; b) market conditions; and c) client assessment. <p>Costs for any product or service can be enquired at the local Branch or through the personal Account Manager.</p>	Project based.	Project based.	MZN, USD, Euro, Rand (in line with Banco de Moçambique regulations on foreign currency lending).	NA.

To Apply

Eligible Projects/Applications: All projects that prove their economical viability.

Application Process: All documents necessary to evaluate the business and perform a credit assessment: application with business plan, 3 years of accounts information, cash flow projections, stock, inventory, property evaluation.

Further information: www.bci.co.mz

Banco Mercantil e de Investimentos, SA (BMI)

Background Info

Core Activities: Universal commercial bank.

Services Provided: Full range of credit services.

Target Public: SMEs and companies run by individuals.

Funding

Funding products: Consumer credit (individuals), loans and overdrafts.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
FPC rate in addition to spread (depending on risk of the project).	Up to 5 years.	Not applicable.	Meticais.	No minimum amount. Maximum amount depends on the project and Central Bank regulations.

To Apply

Eligible Projects/Applications: All sectors are eligible to apply.

Application Process/Required Documents: Individual applicants must submit appropriate forms to bank. Companies must send a letter to the bank.

Documents: Financial information from the last three years, balance sheets, business plan, projection of cash flows, company profile, etc.

Further information: Av. 24 de Julho, nº 3549, Maputo
(currently no website available)

Banco Oportunidade de Moçambique (BOM), SA

Background Info

Core Activities: Voluntary savings, microfinance loans.

Services Provided: Credit and deposit services (checking services not offered).

Target Public: SMEs and micro enterprises.

Funding

Funding products: credit for individuals or groups.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Varies between 4% to 6% per month depending on the project (term; amount, and associated guarantees). 100 Meticias subscription fee (an administrative fee).	Up to 12 months.	Not applicable.	Meticais.	Minimum amount: For each member in group loans 1.000 Meticais. For individuals 5.000 Meticais. Maximum amount: 500.000 Meticais but not more than 5% of share capital.

To Apply

Eligible Projects/Applications: All sectors are welcome to apply, considering the project is feasible and there is an acceptable level of risk.

Application Process/Required Documents: Depends on the type of financing. There is a checklist of required documents for each kind of funding.

Additional Information: Current portfolio 7500 clients; 42 500 000 Meticias. BOM is a commercial bank in Mozambique dedicated to microfinance work, with headquarters in Maputo and representatives in Chimoio, Beira, Quelimane and Mocuba.

Further information: Av. 24 de Julho nº 4136, Maputo
(currently no website available)

First National Bank (FNB) Moçambique, SA

Background Info

Core Activities: Commercial bank which serves the retail, commercial and corporate market.

Services Provided: Corporate and International Banking (cash advances; term loans; bills/invoice discounting; asset finance; working capital finance; documentary credits; import and export letter of credit); Treasury Services (domestic financial products; fixed deposits; call accounts; treasury bills and bonds; and foreign exchange products); and Personal Banking.

Target Public: Previously focused on the commercial sector and the lower end of the corporate segment but FNB is in the process of expanding products and services to cover all market segments.

Funding

FNB offers the normal array of lending products to clients. This includes, but is not limited to, loans, home loans, asset finance and overdrafts. The bank also provides guarantees as well as other trade related products (LCs etc.)

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
<p>Interest rates are determined on a case by case basis. Depends on level of perceived risk and the bank's assessment of the client.</p> <p>Generally rates are linked to the FPC rate (the rate at which banks can borrow from the Central Bank).</p>	<p>Depends on the project and/or asset. FNB would not like to finance any asset for a term beyond its normal useful life.</p> <p>FNB prefers not to provide loan funding for a term longer than 10 years, with the exception of home loans.</p>	<p>This would be negotiated on a case by case basis and is dependent on the feasibility of the project.</p>	<p>Although it is possible to provide funding in four different currencies (Metical; USD; Euros and Rands) the current provisioning requirements of the Central Bank make it very unattractive to provide funding in any other currency other than in Metical (unless the client is an exporter).</p>	<p>No minimum amount.</p> <p>There are statutory restrictions regarding how much FNB can lend to any single borrower based on their capital base but generally FNB prefers not to lend more than the equivalent of 2,0 million USD to any single client.</p>

To Apply

Eligible Projects/Applications: The bank is willing to consider all viable projects.

Application Process/Required Documents: Generally clients will meet with the management of the bank to discuss their requirements. The bank will, however, require a detailed business plan which would support the application.

Documents: Financial statements for the past three years (preferably audited), detailed business plan and feasibility study, cash flow analysis (including a sensitivity analysis), valuation of potential security offered (by a bank recognized valuator), CVs of the principal shareholders, and key management and shareholding structure.

Further information: No website currently available but you can access the group's website at www.fnb.co.za

Mauritius Commercial Bank (Moçambique), SA

Background Info

Core Activities: Commercial banking services.

Services Provided: Traditional banking products: financing, account maintenance, letters of credit, collections, bank guarantees, cards, etc.

Target Public: Corporates and SMEs.

Funding

Funding Products: All types of credit products.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Commensurate with risk: a margin applied above Treasury Bills Rate.	Short & medium term (maximum 7 years).	Depends on the risk profile.	In local currency but also in foreign currency if the applicant is allowed to borrow according to Foreign Exchange regulations.	Minimum amount: Not applicable. Maximum amount: 25 % of Shareholders' Funds in accordance with Risk Concentration regulations.

To Apply

Eligible Projects/Applications: Projects which contribute towards upholding economic development.

Application Process/Required Documents: Application process entails- 1) Formal request stating terms and conditions of the facility required (i.e. type of facility, amount, purpose, repayment plan); 2) Proof of purpose of the facility; 3) Security to be offered for the facility and if it is mortgage / pledge on existing assets; 4) Copy of company's articles of incorporation; 5) Shareholdings and management of company and information about shareholders and managers (e.g. CVs, references, etc); 6) Financial statements for the past 3 years; 7) Monthly projected cash flows for the proposed repayment period of the facility (including loan/capital injections, capital outlays, loan repayments, interest payments); 8) Current and foreseen debt situation of the company (including lenders, amounts, maturities, current balances); 9) Company details such as history, market, main suppliers, main clients, main competitors, past track record/contracts, etc.; 10) Details on the contributions the shareholders have made and plan to make into the company (i.e. capital, shareholders loans, etc).

Additional Information: Current portfolio includes agriculture, traders, manufacturing, tourism, transport, etc.

Further information: www.mcbmozambique.com

Moza Banco, SA

Background Info

Core Activities: Private Commercial and Investment Bank.

Services Provided: Diverse credit services (finance for companies and private clients): Deposits, Foreign currency services, Foreign transfers, Financial investments, Electronic banking, Cards, Working capital, and Corporate Finance.

Target Public: Companies, Embassies, NGOs, and Individuals.

Funding

Commercial banking: Loans for investment, discounting of bills, overdrafts, guarantees, trade finance, credit cards, corporate finance (mergers and acquisitions, project finance and leveraged finance).

Personal banking: Housing loan, and personal loans (for consumption and social means).

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Negotiated on a case by case basis, varies in terms of client segment and the market risk.	Depends on the product, varies in terms of the purpose of the finance that is required.	Determined on a case by case basis.	Meticais, USD, Euro, and ZAR. Subject to Central Bank regulations for foreign currency loans.	Minimum Amount: To be determined. Maximum Amount: Depends on the guarantee capacity of the client and on.

To Apply

Eligible Projects/Applications: Moza Banco is ready to receive all projects, with proof of economic viability.

Application process/Required Documents: Varies in terms of the type of finance. There is a list of required documents for each type of finance.

Shareholding: 51% Moçambique Capital and 49% Geo-Capital SA.

Further information: www.mozabanco.co.mz

Socrema – Banco de Microfinanças, SA

Background Info

Core Activities: Socrema is a commercial bank that works in microfinance, deposits, and credit.

Services Provided: Granting of loans to SMEs in addition to individual clients, deposit services and investment activities.

Target Public: Low and medium income individuals and companies.

Funding

Financial products: Micro-credit for business, consumption, housing, and credit for SMEs.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
<p>Depends on the guarantee and the amount of the loan.</p> <p>Commission of 1% of amount approved above 300.000 Meticaís.</p>	<p>The average duration is 9 months, with a minimum of 3 months and maximum of 36 months.</p>	<p>Not applicable.</p>	<p>Currency is in Meticaís for credit, and for deposits currency is in Meticaís or USD.</p>	<p>Minimum Amount: 3000 Meticaís.</p> <p>Maximum Amount: Up to 299,000 Meticaís. For housing up to 1,000,000 Meticaís. SMEs up to 300,000 Meticaís, but not more than 5% of share capital.</p>

To Apply

Eligible Projects/Applications: All sectors except agriculture and livestock.

Application Process/Required Documents: Completion of appropriate forms. Documents: identity documents; photo; business license or permit (town or local authority); documents of associates, financial information of the last 3 months; appropriate projection information (balance of budget sheets; cash flow charts); bank statements; past payment of taxes and social security.

Additional Information: SOCREMO is a full-service microfinance bank that acquired its banking license in May 2004.

Further information: Av. 24 de Julho nº 426, Maputo
(currently no website available)

Tchuma – Cooperativa de Crédito e Poupança, SCRL

Background Info

Core Activities: Tchuma is a credit union that works in micro-finance (micro-lending and micro-deposits).

Services Provided: Tchuma provides credit for economic activities in two categories:

- 1) Individuals or groups (meaning group of individuals that own different businesses); and
- 2) Credit for Consumption.

Target Public: Individuals of low income (individuals who under normal circumstances do not have access to traditional banking services).

Funding

Funding products: Credit for micro-enterprises (individual or group; enterprises mainly informal) and credit for consumption.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
<p>5% per month; 60% per year (for credit for economic activities, less for consumer credit – 3.25%/month).</p> <p>If customer is a member of the cooperative then one single fee of 100 Meticaís.</p> <p>Account maintenance fee is 8.5 Meticaís per month.</p> <p>No penalization fee if member pays entire outstanding amount (at moment no benefit if partial amount is paid in advance).</p>	<p>Average loan is 6 months. The maximum is 12 months but in exceptional cases the loan can be extended to 24 months (maximum was recently raised from 12-24 months. Very few so far at upper end).</p>	<p>Not applicable (except for credit in the poultry sector: first month only interest is payable and from the second month capital and interest).</p>	<p>Currency is in Meticaís.</p>	<p>No minimum. Maximum amount: 250.000 Meticaís.</p> <p>Average is 12.000 Meticaís.</p> <p>Maximum loan amount must be less than 2/3 of the working capital and monthly credit payment must be less than 50% of the monthly available income.</p> <p>For group loans the maximum per person for first loan is 2.000 Meticaís. In following loans the maximum is 10.000 Meticaís per individual.</p>

To Apply

Eligible Projects/Applications: Eligible Projects/Applications: All sectors are eligible to apply.

Application Process/Required Documents: 3 step application process: 1) Fill a loan request (if married has to be signed by spouse); 2) Due Diligence; 3) Credit Committee gives approval. (Note: different levels of approval depending on the loans amounts.)

Documents: ID identification (any document legally accepted for identification: ID card; passport; driving license or election registration card; or proof of residence).

Further information: Av Eduardo Mondlane, Maputo (currently no website available).

Development Finance Institutions

African Development Bank (ADB)

Background Info

Core Activities: Employment generation, technology transfer and the acquisition of specific skills and knowledge, generation of foreign exchange earnings and savings, enhancement of value-added products, development of local financial markets, and fostering Foreign Direct Investment (FDI) to African countries.

Services Provided: Credit and equity products.

Target Public: Projects that involve the establishment, expansion, diversification, and/or modernization of production facilities.

Funding

Funding products: Credit, equity, and quasi-equity loans.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Funding products: Credit, equity, and quasi-equity loans.	5-12 years.	Up to 3 years (de- pending upon project implementation).	Hard currency term loans.	Debt financing for up to 40 percent of the total cost of the project.

To Apply

Eligible Projects/Applications: The project sponsor's company(ies) must be incorporated in an African country. The project sponsor(s) must have at least 30% equity of the total project cost. The project must be environmentally sound and comply with ADB's environmental guidelines and the regulations of the respective country. Sponsor(s) must have satisfactory track-record and financial capacity and evidence of adequate management skills. The project must be financially sound.

Sectors include energy, manufacturing, agribusiness, tourism, transport, infrastructure, extractive industries, banking and finance, and other service industries.

Application Process/Required Documents:

- 1) Submit an executive summary of the project (project description, sponsors, cost estimates, financing plan, key technical and environmental features, feasibility indicators, business climate, market prospect and implementation plan).
- 2) If ADB decides that the project meets their requirements, you will be asked to submit a full proposal, which must include a feasibility study, business plan, and environment impact assessment (depending on the nature of the project).

Additional Information: The bank does not assume any management role and normally develops an exit strategy once performance goals are realized. The ADB believes that their association with the project is more important than the monetary contribution. The bank's association is intended to provide confidence and comfort to other lenders and investors, who would otherwise be reluctant to participate due to perceived risks.

Further information: www.afdb.org

African Management Services Company (AMSCO)

Background Info

Core Activities: A development organization (part of the UNDP) that provides management services and training programs. AMSCO builds management capacity within the African private sector by providing management and training support, primarily to African SMEs.

Services Provided: Senior management recruitment and placement, capacity building and training, grant funding (for SME companies under specific criteria)

Target Public: All private sector companies.

Funding

AMSCO focuses on providing technical assistance and grants.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Not applicable. Not applicable.	Normally 3-5 years.	Not applicable.	Assistance provided in USD.	AMSCO will not provide grants that exceed 33% of the total capacity building costs. For technical assistance see website for details on management and training subsidies respectfully.

To Apply

Eligible Projects/Applications: All private sector companies are welcome to apply. Grant funding is only available for SMEs under specific criteria.

Application Process/Required Documents: Submit application to the project officer responsible for Mozambique. Application requires information on company's activities, financials, shareholders, recruitment needs and future objectives. Documents: business plan and/or strategy paper that includes a description of the company and strategic/market considerations; audited financials for the past 3 years and 3 years of projections; details of the company and the directors; details of shareholders of the company and equity stakes; details of the current management team; company registration certificate; job description and proposed remuneration for the position.

Additional Information: Apart from the UN and the IFC, AMSCO is supported in its work by the African Development Bank (AfDB) and a range of development finance institutions and donor countries (the organization is a public-private partnership). AMSCO is currently present in 20 African countries, with approximately 180 management professionals seconded to 91 companies.

Further information: www.amsco.org/

Belgian Investment Company for Developing Countries (BIO)

Background Info

Core Activities: Financing of the private sector in developing and emerging countries.

Services Provided: BIO offers equity, loans and other investment promotion instruments to microfinance institutions and SMEs in Africa, Latin America and Asia. This institution is looking for sustainable economic growth with healthy return, commensurate with the risk they take.

Target Public: Small and Medium sized Enterprises (SMEs) and microfinance institutions.

Funding

Funding products: equity, quasi-equity, medium and long term loans, guarantees, and grants for feasibility studies and technical assistance (for investee companies).

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Interest rates are at local market rates.	Duration of debt financing from 3-10 years.	Maximum grace period of 3 years.	Euro, Dollar, and Meticaïs.	Minimum amount: 300,000 Euro. Maximum amount: 8,000,000 Euro.

To Apply

Eligible Projects/Applications: Projects with clear development impact and financial viability.

Application Process/Required Documents: Business plan required.

Additional Information: BIO is a member of the Association of European Development Finance Institutions (EDFI). BIO participates in European Financing Partners (EFP), a co-financing facility established by 10 of the EDFI members. Its purpose is to facilitate the financing of private sector projects in the ACP states (African, Caribbean, and Pacific) in collaboration with the European Investment Bank.

Further information: www.bio-invest.be

Danish International Development Agency (Danida)

Background Info

Core Activities: Development assistance to achieve poverty reduction, and promoting economic activity in developing nations.

Services Provided: Danida has established a number of business programmes, including the Private Sector Development programme, Mixed Credits programme, Business to Business (B2B) programme, and the IFU Fund. Danish bilateral development assistance is predominantly implemented through Sector Investment Programmes (SIP's) and Sector-wide Approaches (SWAP's). These programmes make use of services, works, and goods. The Department for Business Cooperation & Technical Assistance is the entry-point for companies to Danish development assistance.

Target Public: SMEs and entrepreneurs. For IFU fund SMEs generally must have less than 300 employees, an annual turnover of less than DKK 300 million, and positive outcomes in 2 out of the 3 latest financial years.

Funding

Funding Products:

A. IFU Fund: Advisory services, share capital participation, loans and guarantees on commercial terms for investments in production or service companies in developing countries with a gross national income per capita below USD 2,604. IFU offers partnership via co-financing (either with share capital participation and/or by granting loans on up to DKK 50 million).

B. B2B Programme: Grant program and technical assistance.

C. Mixed Credits Programme: Interest free or low interest loans.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Depends on type of project and which funding product is utilized.	B2B Programme: 5 years Mixed Credit Program: 10 years	Not available.	Meticais, DKK, and USD.	BSB Programme Minimum Amount: 100.000 DKK. IFU Fund Maximum Amount: 50 million DKK.

To Apply

Eligible Projects/Applications: Water and sanitation, energy, infrastructure, health and education, etc.

Application Process/Required Documents:

IFU Fund: The project has to be financed in part by a Danish business partner. The project must further be proved as being a commercially viable project. The project must be privately controlled (i.e. state owned companies can participate as investors but only with a minority share). It must be environmentally and socially sound, satisfying IFU's environmental and social standards as well as those of the host country. Host countries of investments must be on the OECD's DAC list of development aid recipients, and per capita income must not exceed USD 2,604.

B2B Programme: There is an application for each of the programme's three phases (Contact phase, pilot phase and project phase). Companies have to apply for each phase. Documents: business license; application form; company profile; audited annual accounts for the last three years.

Additional Information:

IFU fund: IFU is part of a range of official Danish Activities with the overall purpose of promoting economic and social progress in developing countries. IFU is an independent, self-governing entity, limited in its liability to the extent of its net worth only. The Danish Minister for Development Cooperation appoints the Supervisory Board and the Managing Director.

Further information: Royal Danish Embassy, Av. Julius Nyerere No. 1162, Maputo (currently no website available)

Development Bank of Southern Africa (DBSA)

Background Info

Core Activities: Development finance including infrastructure financing, private sector financing, and public sector financing.

Services Provided: Advisory services, capacity building, project investments.

Target Public: Public and private sector projects.

Funding

Funding products include: equity, debt, quasi equity, and technical assistance grants.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Interest rates are market related.	Dollar loan up to 10 years, ZAR loan denominated up to 15 years.	Grace periods to cover project construction phase is normally 2 years.	Currencies include: Meticais, USD, and ZAR.	Minimum Amount: 5 million USD. Maximum Amount: 200 million plus USD.

To Apply

Eligible Projects/Applications: Energy, Water, Housing, Tourism, Agro Processing, Manufacturing, Transport, and Telecommunications.

Application Process/Required Documents: Detailed project information memorandum plus financials.

Additional Information: This institution's purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure. DBSA's goal is to improve the quality of life of the people of the region. The bank plays a multiple role of financier, advisor, partner, implementer and integrator to mobilize finance and expertise for development projects.

Further information: www.dbsa.org

Dutch Ministry of Foreign Affairs

Background Info

Core Activities: The Dutch Ministry of Foreign Affairs provides support to the private sector in Mozambique through two programmes: the programme for Cooperation with Emerging Markets (PSOM) and the Netherlands Development Financing Company (FMO).

Services Provided: strengthening the private sector in emerging markets through financial support or financial participation in various ways (loans, share capital, seed capital) and/or technical assistance.

Target Public: Start-ups, SMEs, other.

Funding

PSOM: Through this programme the Dutch government provides grants of up to 60% of the costs of investment projects jointly executed by one foreign company (a company based in the Netherlands or in a developing country) and one Mozambican company.

FMO: Funding products for FMO include- loans, guarantees, syndicated loans, equity and mezzanine, and capacity development. Technical assistance takes place within the Investment Promotion and Technical Assistance programme (IPTA) and aims at promoting cooperation between Dutch and Mozambican enterprises. FMO facilitates Dutch exports to developing countries with grants from the Development-related Export Transactions (ORET) program.

*Please note: Unfortunately the FMO fund for Mozambique had to close, however there is the chance that this fund will become available again in the future which is why we have included it in this manual.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
PSOM contributes a maximum of 60% of total investment costs, remaining 40% must come from other sources.	NA	NA	Currency is in Euro.	Maximum Amount: 825.000 Euro of total investment. Maximum Amount: 825.000 Euro of total investment.

To Apply

Eligible Projects/Applications: PSOM: The investment projects need to be development-relevant, environmentally sound, structural, and should provide a transfer of knowledge. The focal sectors of PSOM in Mozambique are tourism, infrastructure (including water and sanitation) and agro-processing, since these are considered commercially promising areas.

FMO: FMO focuses on sectors indispensable to sustainable development: financial sector, small and micro enterprises, infrastructure (energy and water, telecommunications, and transport) and trade and industry (see above, currently this fund is not available).

Application Process/Required Documents: PSOM: Twice a year the Agency for International Business and Cooperation (EVD) invites companies to submit project proposals. This is the agency that selects the projects that get funded. The Dutch Ministry plays an advising role in this process. All the top ranking project proposals that fit within the total available budget and meet the minimum requirements will be selected for contracting. The EVD takes the final decision as to which projects will be awarded a PSOM contract.

Further information: www.minbuza.nl

European Investment Bank (EIB)

Background Info

Core Activities: A development bank that finances projects in support of EU policies both inside and outside the EU.

Services Provided: EIB lends money for projects of European interest (such as rail and road links, airports, or environmental schemes), particularly in the developing world. EIB also provides credit for investment by small businesses.

Target Public: Private companies, commercially-run public enterprises, etc.

Funding

Funding products: credit, quasi-equity, equity, guarantees, and technical assistance. EIB does not provide any grants or venture capital.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Depends on beneficiary. Appraisal fees generally charged to prospective clients. Standard fees such as commitment fees, and early repayment fees may be charged.	Generally ranging from 4 – 25 years.	Under normal circumstances the grace period is up to a maximum of one-third of loan life.	Major widely traded currencies as well as CFA Franc and ZAR.	Varies, depends on project.

To Apply

Eligible Projects/Applications: Generally all sectors except armaments, tobacco, alcohol, and gambling.

Application Process/Required Documents: Business plan.

Additional Information: Currently the EIB is paying particular attention to environmental and (especially for public projects) procurement aspects.

Further information: www.eib.org

Ex-change Mozambique

Background Info

Core Activities: Ex-change Mozambique provides consultancy services and technical expertise to SMEs in developing countries.

Services Provided: Short term consultancy and expertise.

Target Public: Private Sector (SMEs) and public companies.

Funding

Ex-Change Mozambique provides 2 kinds of assistance: management assistance and technical assistance.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Interest Rate not applicable. Travel expenses for personnel providing assistance: Air tickets for flights from Europe to Mozambique will not be charged. The only fees are local costs for accommodation and local transportation of the senior experts.	Missions of 2 to 8 weeks plus possible follow up missions.	Not applicable.	Not applicable.	Not applicable.

To Apply

Eligible Projects/Applications: Any SME or public companies (ethical operating companies) are welcome to apply.

Application Process/Required Documents: Application form explaining the specific objectives of the project. Projects evaluated at Antwerp Headquarters. Required documents depend on the project. Average time of the application process is 1 to 2 months.

Additional Information: Ex-Change Mozambique is a non-profit organization that works to contribute to the development of a social and ecological sustainable market economy in the target countries concerned. Ex-change Mozambique also works to stimulate local entrepreneurship in order to create a greater number of employment opportunities, as well as improve awareness of problems related to the north-south divide. Started activities in Mozambique at the end of 2006.

Further information: www.ex-change.be

Gapi- Sociedade de Investimentos, SA

Background Info

Core Activities: GAPI is a small investment company. Gapi is also a public private partnership operating as a national development finance institution in Mozambique. Activities include rural and agrobusiness promotion through financial support to SMEs and small scale farming associations.

Services Provided: Financial products, business development services, and institutional development services.

Target Public: Start-ups and SMEs.

Funding

Funding products: Loans, guarantees, equity, quasi-equity and technical assistance.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Market interest rates based on treasury bills rate plus spread for Meticals and Libor plus spread for loans in USD.	1 year for working capital; 5-7 years for investment.	Grace period of capital up to 6 months.	Metical and foreign currency loans for exporting businesses.	Minimum Amount: 2.000 USD. Maximum Amount: 400.000 USD.

To Apply

Eligible Projects/Applications: Start-up or expansion business in the agricultural, fishery and tourism value chains.

Application Process/Required Documents: Process includes- 1.business plan, business history, and future plans; 2.The purpose of the credit, how much is needed, and the term desired; 3.Applicant's business experience, credit history, collateral, and ability to repay the loan; 4.A year-to-date business profit and loss statement; 5.Current balance sheet for the business; 6.Bank account numbers; 7. Social Security numbers; 8. All records pertaining to current debt, including bank loans.

Additional information: GAPI Limitada was created in 1990. In 1999, GAPI was officially and legally registered as a joint-stock company: GAPI SARL. In 2007 GAPI was licensed by the Central Bank as an investment company. Its equity capital is held by four main shareholders: The Ministry of Finance, the CVM - International Red Cross, the FDC and GAPIGEST. Its objective is to foster economic development through the promotion of SMEs as well as strengthening micro-finance institutions.

Further information: : Rua de Mukumbara, n°434, Maputo
(currently no website available)

Industrial Development Corporation of South Africa (IDC)

Background Info

Core Activities: The IDC is a self-financing, state owned development finance institution that seeks to improve project development in Africa. Their activities include: assisting with the early negotiations of project agreements to improve and ensure their bankability; structuring appropriate limited recourse funding packages by allocating project risk to the appropriate stakeholders; identifying and attracting other DFIs, Banks, ECAs and industry partners; acting in advisory roles; sharing a proportion of project risk.

Services Provided: Equity, quasi-equity, commercial debt, wholesale finance, guarantees, export and import finance.

Target Public: Private sector entrepreneurs.

Funding

Financial products: equity, quasi-equity, commercial debt, export finance, share warehousing, guarantees, wholesale and bridging finance (may be provided singly or in combination).

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
The IDC is flexible on this issue, depends on the project.	The IDC is flexible on this issue, depends on the project.	The IDC is flexible on this issue, depends on the project.	The IDC is flexible on this issue, depends on the project.	The IDC is flexible on this issue, depends on the project.

To Apply

Eligible Projects/Applications: Proposed projects must meet the following requirements: economically viable and sustainable in the medium to long term; benefit a large number of people/regional groups/local communities; include a credible operating partner; sizeable and indicate degree of self-sustenance within a reasonable time frame; entail significant contributions from respective promoters.

The IDC welcomes projects from the following sectors: Mining and Beneficiation, Agro processing, Infrastructure (telecommunications, energy, water and sanitation, transport, etc.), Tourism, Public/Private partnerships, Healthcare, Education, Manufacturing, Information communication and technology, Forestry, Franchising, Transportation, and Construction.

Application Process/Required Documents: Applying entails a 7 step process: 1. Initial Screening 2. Basic Assessment 3. Term Sheet 4. Due-diligence 5. Decision-making 6. Agreements 7. Disbursements

Additional Information:

The Africa Unit: This specialized team spearheads IDC’s involvement with the economic development of SADC (Southern African Development Community) and the rest of Africa. It is responsible for business development activities such as marketing products, identifying suitable financing and investment opportunities on the continent and managing relationships with clients and stakeholders on the continent. The Unit promotes development oriented projects among locally based operating/technical partners by highlighting their potential long-term sustainability and commercial viability. It has established working relationships with development finance institutions and regional forums in 34 African countries.

Further information: www.idc.co.za

International Finance Corporation (IFC)

Background Info

Core Activities: Finance support and technical assistance for clients in the private sector of membership countries. Poverty reduction through the development of the private sector.

Services Provided: Loans and technical assistance.

Target Public: Private Sector, especially SMEs, though indirect support.

Funding

A. Investment (direct or indirect)

Funding products include all kinds of products offered by a commercial bank: loans, guarantees, hybrid products (ex: loans with indicators of performance; risk guarantee); mobilization of financial resources; risk instruments (currency exchange; interest tax; guarantee processes of securities, subordinated loans).

B. Technical Assistance (advisory services)

Services offered: training; capability; preparation of strategic planning; business plans; feasibility studies; and market research. Department of PMEs (technical assistance and professional associations/classes). Subsidized support (up to 50% on average; analyzed case by case).

C. Linkages Programme (MOZLINK): This programme's purpose is to support training; capacity; quality standards; and better big projects (examples: SASOL; Cervejas de Moçambique; EDM).

D. Special Programme for Small Business (Mozambique SME Initiative): Risk Capital Fund (100.000 to 1 Million USD); depending on the project; no fees; local currency; interest rate at a fixed rate. Commercial analysis base.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Pricing depends on each programme/project. Basic fees. Loans: LIBOR 6 months generally plus spread (fix or variable).	8-10 years.	Depends on the project.	Currencies include: USD, Euro, GBP.	Depends on project. General minimum amount of 1 million USD.

To Apply

Eligible Projects/Applications: Any sector except World Bank limitation (war, tobacco, drugs, wine and beer).

Application Process/Required Documents: Submit concept letter or business plan; financial statements for 3 years.

Additional Information: Founded in 1956 the IFC is a Multilateral Development Institution and a member of the World Bank Group. IFC's 179 member countries provide its authorized share capital of \$2.4 billion, collectively determine its policies, and approve investments.

Further information: www.ifc.org

NORFUND - Norwegian Investment Fund for Developing Countries

Background Info

Core Activities: Norfund is an investment fund that provides financing for direct investment activities.

Services Provided: Generally Norfund will consider financing for expansion deals, management buy-outs (MBOs), private share placement combined with expansion management buy-in (MBIs), and ventures.

Target Public: SME sector, micro entrepreneurs, and innovative solutions (for funds). Norwegian partners and co-financing with international partners (for direct investments).

Funding

Lending instruments include: secured loans; project finance facilities; syndicated loans and mezzanine finance.

Norfund offers quasi-equity products with a combination of loan and equity features including: convertible loan instruments; unsecured loans; preference shares; subordinated loans.

Norfund offers private equity to businesses with a high growth potential. It invests fresh capital directly in companies and financial institutions and indirectly through local and regional investment funds.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Not applicable.	The institution aims to exit from a project after three to seven years.	Not applicable.	Currency is in USD.	Norfund usually provides 10-35% of the total capital for a project. Norfund can provide up to 49% in special cases.

To Apply

Eligible Projects/Applications: Norfund invests in a broad range of industries.

Application Process/Required Documents: The application process entails: brief project description; preliminary evaluation; approval in principle by the Norfund board; detailed investment study; meetings with local partner in target country; agreement on terms and defining roles; final board approval; contract signed; active board-level involvement; exit strategy defined and agreed up-front.

Additional Information: Norfund must comply with three rules when making direct investments:

- 1) It can only invest in privately owned companies;
- 2) It can only invest in companies registered in developing countries or companies with their main activities in developing countries which have a GNI per capital of less than USD 5.290 (according to the Development Assistance Committee "DAC" list); and
- 3) It cannot exceed a 49 per cent equity holding in any one project and will not normally take on the role of lead investor.

Further information: www.norfund.no

PROPARCO

Background Info

Core Activities: Proparco specializes in capital investments, loans and guarantees, and financing projects that are economically viable, socially equitable, environmentally sustainable and financially profitable.

Services Provided: Long term financial services to the banking and financial sector. An equity and quasi-equity investor in the private sector.

Target Public: SMEs, large companies, and financial institutions.

Funding

Funding products: equity, loans, and guarantees.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Market and project related.	Medium to long term (up to 15 years).	Project related.	Meticais, USD, and Euro.	Minimum Amount: 3 million Euro. Maximum Amount: 100 million Euro.

To Apply

Eligible Projects/Applications: Corporate finance, infrastructure and mining, banking and private equity.

Application Process/Required Documents: Possible projects go through the following process depending on the transaction size: screening committee, project committee, and investment committee.

Additional Information: Created in 1977, PROPARCO is a subsidiary of the French Development Agency (AFD) dedicated to financing the private sector.

Further information: www.proparco.fr

**Other
(Venture Capital and Private Equity Funds,
and Private Foundations)**

Aga Khan Agency for Microfinance (AKAM)

Background Info

Core Activities: AKAM seeks to help the neediest and to increase income, quality of life, and help individuals become self-sufficient. AKAM also seeks to eliminate social and economic exclusion, and decrease vulnerability in poor local communities.

Services Provided: The Aga Khan Agency for Microfinance (AKAM) offers a program called First Microcredit Programme (FMP) which provides individual and group loans.

Individual loans- For individuals, micro companies, and SMEs that are looking to develop and expand.

Group loans- These types of loans are available to groups of 3-5 people, and must be seeking the development of micro companies and/or SMEs, specifically with each of the elements of the group developing a different type of business.

Target Public: Individuals in the informal market (farmers, fisherman, small businesses, etc.)

Funding

Funding Products: Individual loans, group loans, guarantees, monthly repayment in equal installments.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Individual and group loans: Service tax 2%; Administrative tax (front end fee) 2%. Individual loans: Colateral 20% (cash deposit).	2-12 months.	Not applicable.	Meticais.	Individual loans: 1.000-50.000 Meticais. Group loans: 2000.-7.000 Meticais for each individual.

To Apply

Eligible Projects/Applications: Eligible Projects/Applications: Loans can be used for the following activities: agriculture; fishing; small industry; milling; commerce and retail; transport; education (tuition fees, distance learning, and equipment); restoration of housing; professional services.

Application Process/Required Documents: Personal identification card and proof of residence, in the case of salaried workers letter from the company with the remaining contract time and amount offered.

Additional Information: Aga Khan has been working in Mozambique since October 2003.

Further information: www.akdn.org

Aureos Southern Africa Fund L.L.C

Background Info

Core Activities: Aureos Capital is a global private equity fund manager focusing on investments in small to mid-cap enterprises in emerging markets worldwide. Regional Funds under management in Africa include Aureos East Africa Fund, Aureos Southern Africa Fund and Aureos West Africa Fund.

Services Provided: Aureos focuses on growth capital and change of control transactions including expansions, consolidations, regional roll-outs/roll-ups, and growth capital transactions (which may entail 'buy and build' strategies designed to pursue regional or pan-regional expansion opportunities).

Target Public: Aureos invests in businesses with proven track records and helps them reach their full potential by mobilizing its management expertise and global network.

Funding

Funding Products: Combinations of equity/secured debt, mezzanine debt, and quasi equity instruments such as loans and preference shares.

Interest Rates/ Other Costs	Duration	Grace Period	Currency	Minimum/Maximum Amount
Market related where applicable.	3-8 years.	NA.	USD, Euro, GBP, Meticais.	Minimum Amount: 2 million USD. Maximum Amount: 10% of the fund size.

To Apply

Eligible Projects/Applications: A wide range of sectors including telecommunications, pharmaceuticals, plastics, consumer goods and microfinance.

Application Process/Required Documents: Executive summary/ business plan needs to be submitted with description of the business, promoters, management team, products, markets, growth prospects, funding required, promoters contribution, environmental health and safety issues. If the project meets the fund's criteria additional information may be requested for an initial screening followed by the due diligence process. These steps are taken before the final investment decision is made by the investment committee of the fund.

Additional Information: Aureos looks to take significant minority stakes with board representation and the right to participate in and influence the conduct of management. Furthermore, Aureos is raising a US\$400 million Pan-Africa fund during 2008.

Further information: www.aureos.com

Annex
Company Profiles of
Swiss Capital Partners and FINANTIA

Company Profiles



Swiss Capital Partners

The Firm

Swiss Capital Partners, Lda (“SCP”) is a financial consulting firm based in Maputo, Mozambique. We assist clients with obtaining finance and making investment decisions, and provide financial consulting services.

SCP’s Managing Partner, Jane Grob, is a Swiss/British national who has been living and working in Mozambique for the past ten years. Formerly a member of the executive committee of Barclays/Absa’s Mozambican subsidiary, Jane is also the Vice-President of the CTA (the Association of Mozambican Business chambers) Finance Committee.

Our Services

Obtaining Finance

SCP assists corporate and individual clients with drafting business plans and financial projections, in order to make a project bankable.

In a second step, SCP introduces the project to national and international lenders (for debt financing) and/or to national and international investors for equity financing (incl. private equity funds and venture capital funds). SCP negotiates the most favorable funding terms on behalf of its clients and accompanies the funding process until the end.

Investment Advice

SCP has extensive knowledge of the investment opportunities in Mozambique, including capital and money market investments. We advise clients on the different placement opportunities to maximize returns and minimize transaction costs.

SCP also identifies target companies on behalf of private equity investors and assists with the respective acquisition process.

Financial Consulting

Our third area of expertise is financial consulting, where we consult to private companies, NGOs and donor agencies in different areas, such as :

- the regulatory environment;
- financial sector policy matters; and
- legal and financial due diligence processes.

Swiss Capital Partners
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Finantia

Finantia is a consulting firm focused on the financial side of businesses. Our mission is to create added value links between the various stakeholders of the private sector in Mozambique and the region, enhancing their value chain through the provision of financial advisory and business development services.

We assist our clients throughout the various phases of the business development, from its conceptualization to the mobilization of the financial resources. Finantia focuses on designing the business financial strategy backed by clear and coherent implementation plans. By modeling the key financials and operational variables Finantia's clients streamline their investments while gaining a better perception of their real potential as much as of the underlying risks and mitigating strategies.

A key element of our work is the in-depth know-how of the local business environment, which translates to our clients into a number of fundamental arguments strengthening the investment decision, such as a well-grounded risk assessment or the correct approach to the existing funding sources, be it equity, plain debt or tailor-made mezzanine finance. Finantia's work does not end with a sound technical advice: we strive to take our clients all the way through to the mobilization of the projects' finance at the most suitable conditions.

Finantia promotes the formation of an international network of specialized consultancy firms. Through this network we are able to deliver services at the highest industry standards in the most promising economic sectors, such as Tourism, Agro Processing or Energy. Finantia fosters sustainable relationships with clients and partners in these key sectors by providing cutting-edge culturally competent services, contributing to the social and economic development of the businesses and the region.

Finantia was founded by André Nogueira, former Mozambique's Financial Manager of a NYSE quoted company, with experience in management consulting and investment banking in emerging markets. He is a member of the Finance Committee of CTA. Finantia counts with a core team of consultants with a Finance bias in their academic and working experiences.

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